P.01053

PRIME MINISTER

Annual Review of Special Employment Measures for 1984-85:

E(A)(83)2

BACKGROUND

The special employment measures (SEMs) are programmes run by the Department of Employment and the Manpower Services Commission (MSC) to provide work or training for the unemployed; to support part-time and short-time working in certain circumstances; and to encourage older workers to retire so as to make way for younger people from the unemployment register. Their total cost in 1984-85 is expected to be some £2.2 billion, of which £1.1 billion is for the Youth Training Scheme (YTS) and £0.6 billion for the Community Programme (CP).

2. It has become the practice to review the SEMs each summer. (This is partly because many training measures, such as the YTS, have to be geared to the academic year beginning in September). The memorandum by the Secretary of State for Employment (E(A)(83)2) continues that practice. It does not, however, put forward any fundamental proposals concerning the two main SEMs, the YTS and the CP: The Secretary of State proposes to review those schemes and to consult his colleagues again in the autumn.

3. The specific proposals in E(A)(83)2 are in fact confined to relatively minor changes: the only one involving significant new expenditure is that the Enterprise Allowance scheme (which provides an allowance of £40 a week to unemployed people wishing to set up their own business) should be of national application in 1984-85: this would require an additional £46 million public expenditure provision (£31 million net, after taking account of savings on social security benefits).

4. Those who take part in the CP are paid the 'rate for the job'. Sponsors of projects are reimbursed wage costs up to an average of £60 a week; there is also a limit on the maximum wage that may be paid to any individual. The Secretary of State for Employment proposes that the average wage limit should be raised to £62 a week from October, 1983, and that the limit on the maximum individual wage should be abolished.

Neither proposal has any direct expenditure implication: any increase in unit costs resulting from an increase in the average wage limit could be accommodated by having fewer projects.

5. E(A)(83)2 also discusses the rate of allowance under the YTS. But this has now been settled. The Secretary of State for Employment has decided that the allowance should not be increased; this decision has been publicly announced.

6. Finally, E(A)(83)2 discusses the Technical and Vocational Education Initiative (TVEI). This initiative, which you announced in November 1982, is currently based on 14 pilot projects. The Secretary of State for Employment proposes that savings of £14 million in 1984-85 and £20 million a year in later years should be used to fund additional projects: since the maximum amount of assistance is £500,000 a year, a minimum of 40 additional projects could be financed in this way. The extension (unlike the present TVEI) would apply to Scotland.

7. The Chief Secretary, Treasury argues in his minute of 27 June that it is unnecessary to take decisions on most of the proposals in E(A)(83)2 and that they should be considered with other bids for additional expenditure in the 1983 Public Expenditure Survey. He also argues against the proposal to increase the average wage limit under CP from £60 to £62 a week, on the grounds that there is no shortage of applicants under the scheme.

MAIN ISSUES

8. Most of the proposals in E(A)(83)2 involve relatively small amounts of money; and there is no obvious operational reason for deciding them now. For both these reasons, you will probably wish to accept the Chief Secretary's suggestion that they should be discussed, in the first instance, between the Secretary of State for Employment and himself in the context of this year's Public Expenditure Survey. The Sub-Committee might then concentrate on the following.

(i) The proposed review of the YTS and CP.

(ii) The average wage limit under the CP.

(iii) The proposed extension of the Enterprise Allowance scheme.

(iv) The TVEI.

Review of YTS and CP

9. You are holding a meeting immediately beforehand with the Ministers concerned which will be relevant to this. You will no doubt wish to reflect the conclusions of that meeting in your handling of the Sub-Committee's discussion.

CP: average wage limit

10. The original concept of the CP, as announced in the then Chancellor of the Exchequer's Budget speech in 1982, was that those who took part would not be paid the 'rate for the job' but a rate related to social security benefits. This proved unacceptable to the trade union representatives on the MSC, and to many potential sponsors of projects under the CP; and the Government agreed that the 'rate for the job' should be paid, subject to an average wage limit (the effect which is that many of the jobs under the CP are part-time). The Secretary of State for Employment will no doubt argue that to refuse to increase the present limit of £60 a week would be widely regarded as the first move in an attempt to reopen this issue, and so jeopardise the success of the CP.

11. Against this, it can be argued that there is no lack of schemes being brought forward (indeed, as the Chief Secretary hints, the Treasury are concerned that the provision for 1983-84 may be overspent); and that it is unwise and unnecessary to increase the average wage limit, since the effect will be to reduce the number of places that can be provided under the CP.

12. A possible compromise would be to decide to make no increase from October 1983, but to agree to review the figure when the Secretary of State comes forward with proposals on the future of the scheme (paragraphs 12 and 13 of E(A)(83)2).

13. The separate limit on the maximum individual wage that may be paid under the CP seems to serve no very useful purpose; and we understand that the departments concerned agree that it should be abolished.

Enterprise Allowance scheme

14. This scheme is operating on an experimental basis in 5 pilot areas. It is being extended nationwide from 1 August 1983 until 31 March 1984.

The Secretary of State for Employment proposes to extend its life until (at least) 31 March 1985, on a cash-limited basis.

15. It can be argued, as the Chief Secretary does, that such a decision would be premature: the results from the pilot areas have not yet been fully evaluated; and preliminary results suggest that the scheme is rather expensive. On the other hand, it was explicitly mentioned in the Government's Election Manifesto; and it would clearly be difficult to withdraw it as soon as March 1984. The Sub-Committee may therefore think it reasonable to agree in principle that the scheme should be extended to the end of 1984-85, as the Secretary of State for Employment proposes, but to leave the details (and therefore the cost) to be discussed in the first instance between the Secretary of State for Employment and the Chief Secretary in the light of fuller evaluation of the pilot studies.

TVEI

16. The Chief Secretary does not object in principle to the proposal in E(A)(83)2 but suggests, in effect, that decisions should be taken in the context of the Public Expenditure Survey. The Sub-Committee may, however, see a difference between this proposal and the other expenditure proposals in E(A)(83)2. The other proposals are new policy departures not matched by reductions in cash-limited expenditure programmes. In the case of the TVEI, the Secretary of State does offer savings to finance his proposals. The Sub-Committee may consider that it is reasonable for the Chief Secretary to satisfy himself that those savings can be delivered but not that he should be able, in effect, to insist that policy adjustments within a programme, even if those adjustments have no net cost, may be made only when the Public Expenditure Survey is being considered.

Community aspects

17. Although E(A)(83)2 does not discuss the Community aspects of its proposals (apart from the reference in paragraph 7 to the European Social Fund) changes in schemes such as the SEMs usually have to be agreed with the Commission. Given the increasing emphasis on training and measures to reduce youth unemployment, there should be no great difficulty with the Commission. But you may still wish to remind the Secretary of State for Employment of the need to concert tactics with the Foreign and Commonwealth Secretary.

HANDLING

18. You will wish to ask the Secretary of State for Employment to introduce his memorandum. You might then invite the Chief Secretary, Treasury to reply. The Secretary of State for Education and Science is likely to wish to comment on the training aspects and, in particular, on the TVEI. The Secretary of State for Trade and Industry may wish to comment on the involvement of private sector employers in training measures. Mr Allan Stewart, representing the Secretary of State for Scotland, may also wish to comment, particularly on the extension of the TVEI.

CONCLUSIONS

19. You will wish the Sub-Committee to reach conclusions on those of the proposals summarised in paragraphs 18 and 19 of E(A)(83)2 which it is agreed should be decided now rather than in the context of the 1983 Public Expenditure Survey. These might be:

(i) the maximum and average wage limits under the Community Programme;

(ii) the extension of the Enterprise Allowance scheme;

(iii) the Training and Vocational Education Initiative.

20. Depending on the outcome of your immediately preceding meeting, you may also wish to record conclusions relating to the proposed review of the Youth Training Scheme and the Community Programme.

PG

P L GREGSON
Cabinet Office.
28 June, 1983

SW

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D Peter.

YOUTH TRAINING SCHEME

The paper on special employment measures for 1984/85 which E(A) will be discussing on 29 June (E(A)83/2) refers (paragraph 9) to the trainee allowance under the Youth Training Scheme. Other members of the Committee should be aware of developments since the paper was circulated.

At its meeting last Thursday, the Manpower Services Commission agreed by a majority to recommend that the allowance should be increased, with the costs found from within existing provision. The Commission was unable to agree on the amount of any such increase which they might recommend. It was clear however that such an increase could be achieved only by excluding some youngsters from the Scheme, cutting the quality of training or asking employers and other sponsors to put in more money. I considered these options were equally unacceptable.

I was moreover concerned that in these circumstances any period of uncertainty about the Government's intentions could do serious damage to the Scheme. I therefore asked Peter Morrison to consult you by telephone and subsequently informed the Commission that I had decided that the allowance should remain at £25. I indicated at the same time that I accepted the Commission's unanimous recommendation that the arrangements on travel and lodging expenses should continue as at present. These decisions are of course in line with the PES figures in E(A)83/2.

I am copying this letter to other members of E(A).

Norman

RESTRICTED

Manpower
Emp Measures
pt 9

28 JUN 1983

MA

Prime Minister's Briefing for the debate on the Queen's Speech - the Youth Training Scheme

Progress to date

The Scheme has got off to an excellent start. The Manpower Services Commission have already identified 90% of the places needed for 460,000 youngsters this year. 93,000 have already been approved by Area Boards throughout the country, ready for the full launch of the Scheme in September.

Entrants to date

Thousands of Easter school-leavers have already joined the Scheme. [By the end of May, 7,000 people had been notified as entering YTS] and there are many more places ready for immediate occupation.

A measure to hide youth unemployment?

This is a high-quality training scheme and, as such, has commanded the support of both the Labour and Alliance Parties. Shirley Williams "welcomed" its announcement by the Secretary of State for Employment in the House on 21 June last year. Harold Walker said, in a debate on the Scheme, in February of this year that the Scheme "deserves the support of the House".

No jobs at the end.

There can be no guarantee of a job - only steady economic growth can create real jobs. But the Scheme will certainly give our young people a better chance, with more to offer employers, in a difficult labour market.

Level of the allowance.

We accepted an allowance of £25 a week on the recommendation of the Manpower Service Commission's Task Group. We shall shortly consider the current level of the allowance in the light of advice from the Commission. [The Manpower Services Commission will discuss this on 23 June.]

Health and Safety on the Youth Training Scheme.

We are doing all we can to protect young people on the Scheme. The Health And Safety at Work Act of 1974 protects trainees as well as employees on employers' premises. Furthermore, the Commission's contract with managing agents requires sponsors to treat trainees as they would employees. But equally, every individual has the responsibility of being actively involved in securing health and safety in the workplace.

Equality of opportunity.

We are totally committed to equality of opportunity in the Scheme regardless of sex or race. The contract between managing agents and the Manpower Services Commission requires that sponsors treat all trainees as if they were covered by the employment provisions of the Race Relations and Sex Discrimination Acts. In additon, the Secretary of State for Employment will shortly be designating providers of training in YTS to make it unlawful for sponsors to discriminate on grounds of race or sex in recruitment or termination.

Disabled young people.

We recognise the special problems of disabled young people. This is why we have extended the eligibility rules to cover 18 year-old disabled school-leavers; a year beyond the normal upper recruitment age for the Scheme.

C

PAPER BY DAVID YOUNG

8.6.85

Put with appropriate Cedric Mount letter

The First Fifteen Months.

INTRODUCTION

In writing this paper I have tried to refrain from generalities. The field is too wide and I am conscious that I have been out of the mainstream for over a year. It may be that some of the suggestions made are already being undertaken. For that I apologise but nevertheless I do believe that all the specific steps suggested are capable of being brought into effect with immediate advantage. What is I hope agreed is that the priorities of the last year of a first term are not the priorities of a first year of a second term.

But some generalities have to be made.

The first term has above all else changed attitudes. What we now have to do is to change the real world.

- The public sector is still too large.

- Taxation remains too enervating for enterprise.

- Barriers to mobility are still with us.

Some of the steps suggested will require legislation whilst others will require preparation - but they all have be identified and taken in good time.

Where legislation is required then the time for decision is all too short. Whatever is not in the first Queens speech will not be enacted until the end of the second session, and we will then have but eighteen months before the next election appears on the horizon and the fear of policy reversal is with us. Not only do some controversial Bills require the moral force of a recent election victory but so do major policy changes. The first hundred days will lay the foundation of the second term.

Therefore this paper is concerned to identify a number of objectives needed to be achieved within the first session.

1. THE PUBLIC SECTOR.

There are three seperate areas within the Public Sector where I believe that there is scope for immediate action - in the Civil Service, in Local Authorities and in the Nationalised Industries and Utilities.

1.1 The Civil Service.

During the lifetime of the last Parliament we made substantial reductions in the size of the Civil Service and within the last few months we undertook an exercise for a further 5% or 10% cut. I do not believe that there is very much more to be gained from this type of review for all the savings in terms of efficiency have probably been made. There is little doubt that many Departments, where they have accepted reductions, have now adopted a policy of "equal misery" which in the end turns out to be misery for all and not good man management.

So what we must do is to cut FUNCTIONS. We should go back to Departments and ask what functions could be cut and only then what the manpower savings would be.

There are also a number of activities that could be carried on outside the service. A good, although small, example is the Enterprise Allowance where we went to the banks to run the scheme for us and now they will be making the payments direct to the applicants at a considerable saving both in money and manpower.

But in the end if we are to achieve smaller (and thus cheaper) government then we must be prepared to undertake less.

1.2 <u>Local Government.</u>

In a similar manner we should consider legislation to regulate the kind of activities that local government is allowed to undertake. It may not be sufficent to merely restrict rate increases in the short term - perhaps we would lower the burden of rates quicker if we were to make a number of fringe activities Ultra Vires. This would apply no matter how we modify the present rating system. The problem lies in the expenditure rather than in the collection.

If we are to legislate then we should consider the advantages of giving statutory encouragement to the commercialisation of Local Authority activities. The early successes of private refuse collection should be built upon. We could ensure that Local Authorities had to go to competitive tender for many activities and let their own departments compete on an equal basis. This would expose the Direct Labour Organisations to open competition and only if they win a tender would they be entitled to the work. But tenders must be returnable to an independant assessor to ensure fair play. If nothing else it would expose the real costs of many of their services.

1.3 The Nationalised Industries and Utilities.

Apart from our existing commitment to the disposal of British Telecoms we have a Manifesto commitment that Rolls Royce, BA, parts of BSC, British Shipbuilders and BL will become private sector companies. Some may make it but this depends on trade conditions as much as political will. We also have a commitment to seek "other means of increasing competition in, and attracting private capital into, the gas and electricity industries."

At the present time we have:-

1. The residual holdings of the first round of Privatisation e.g. Cable and Wireless, British Aerospace etc. After the election the market will be prepared to take the balance of our shares.

2. The Nationalised Industries e.g. BSC, BL, BA, British Shipbuilders and British Telecoms. Despite our commitment there is still some way to go before disposal. Parts of all of these industries are saleable now and as a first step we should adopt Companies Act status for subsidiaries, and then apply pressure for some to be sold as soon as possible.

3. The Utility Sector. So far we have not made much progress with the Utilities in general and CEGB in particular. There is little point in disposing of the Grid but there would be considerable advantage of disposing of the generating stations

and thus introduce competition in power generation. If we put together and then sell individual coal pits and adjoining power stations we could solve more than one problem at a time.

The organisation of British Gas lends itself to that of a Holding company with subsidiaries. If we were to sell off but one of the regional companies in the next two years we would have changed the attitudes of all. When I last saw them they were seperate in all but name.

Action

What is required is an orderly plan to divide each industry by region or function, and then progress towards disposal. Even if sales were not imminent we would achieve better management of the whole sector, and better management is as least as important as disposal. Legislation is required for British Telecoms (which will still be so large that it is difficult to see what advantage the private sector monolopy would have) and for the Utilities but many disposals of parts of Nationalised Industries could take place without any further action.

This programme must apply to both the balance of our existing holdings and to achieving new disposals. Gilt sales would be affected but it would still be better to sell assets than to incur debts.

The Committee responsible for overseeing the whole programme of disposals is E(DL) but in practice this has acted merely to obtain the agreement of colleagues. What is required is a small permanent secretariat who will report to the Chairman and follow through to coordinate departments and ensure that the programme is maintained.

2. TAXATION.

If we are to reduce taxation substantially then a massive reduction in Government expenditure will have to take place. This cannot be done quickly and is therefore outside the scope of this paper. Nevertheless there are a number of important changes that we should introduce in the first few weeks of our return. These may be at the margin, but taken together will have an important effect on the growth of the economy in the medium term.

2.1 Safety First.

It has long been a main strand of the Governments programme that the future of employment and the expansion in the economy depended upon the birth and growth of new enterprises and to this end many schemes were introduced. However between their introduction in Budget statements and their enactment in Finance Acts the current philosophy of the Inland Revenue prevailed. This can best be described as "safety first" and their proper obsession with Tax Avoidance ensured that all these provisions were ringed with so many protections that they became of little utility. Furthermore the practise of giving practitioners clearance for projects in advance fell into abeyance with the result that professional advisers became reluctant to recomend using these novel schemes.

During 1982 the House of Lords in the Ramsay case effectively ended all schemes of Tax avoidance. Transactions now entered into for the purpose of avoiding tax could be voided retrospectively and the tax avoidance industry ceased overnight. We can now afford to simplify the legislation.

The principle of using tax allowances for many of these small business schemes was to create 'new' financial institutions, i.e. the high taxpayer, acting as risktakers in areas where the other institutions simply would not go. We should promote the principle of allowing transparent trusts, partnerships, as well as the North American concept of Joint Ventures for tax purposes. Again the Revenue might well approve such a concept but without safeguards professional advisers will not let their clients proceed without clearance in advance.

The test as to whether the ring fence was drawn too tight is simple - has the allowance been used. On this basis the Residential Allowance needs redrafting as does the Business Start Up scheme. The Workshop Building Allowance should be the model for the former, and the latter should be simplified.

In the last Budget the Workshop Allowance was extended to include alterations to existing buildings and will thus help to renovate some of the older buildings which had not reached the end of their life but only of their use.

The same principle could be adopted for the Residential Allowance for the **Inner City Areas only** but here instead of using the still unproven device of Assured Tenancies designate whole areas to be free of rent control where such renovation work is carried out. This could help to reintroduce houses and flats free of rent control and help not only with mobility of labour but restore the Inner City Areas with private funds.

Action

It is not sufficent to leave the drafting of these provisions either to the Revenue or to the supervision of Treasury Ministers who are always hard pressed. There is much expertise both within the Department of Industry and in the outside world (with the professional Accountants and Lawyers) that could and should be used. A **Practise Group** combining all these parties should sit between the Budget statement and the passing of the Act to advise on the actual drafting and the issues involved.

We should then review the Business Start Up Scheme, the Small Workshop and Residential Building Allowances in particular and the other measures in general and simplify the provisions in the next Finance Bill. At the same time we should ensure that the practise of the Revenue giving clearance **in advance** to professional advisors be restored.

2.2 Investment Surcharge.

Since the introduction of the Investment Surcharge we have seen a gradual shift of investment and shareholdings in Public Companies from individuals to the Institutions. Can we wonder when we have applied a penal rate to investors and left the Institutions (in the main Life Funds and Insurance Companies) tax free. If we are to see a return of the individual as an investor, and without this we run the risk of creating the corporate state, albeit unwittingly, then we must put this right. Abolishing the Investment Surcharge will at least help to restore the balance, whilst making all dividends free of any further tax will give a positive inducement to people to invest their savings in Industry and Commerce either through the stock market or in new companies rather than leaving them with a Bank or a Building Society. We must restore the concept of people investing for income for their retirement. Again this is another policy change that can only be introduced immediately following an election victory.

3. BARRIERS TO MOBILITY

There has been little that successive governments have been able to do since the war by regional policy alone to bring jobs that last to the people - **we will have to succeed in bringing people to jobs.** If this policy is to work then we will have to free up the labour market all over the country but in the last analysis we will have to be prepared to encourage people to move. This has implications over many fields, housing, pensions and town planning and should be considered as a cohesive policy - and that means a number of departments working together.

Regional policy itself has patently failed - we only have to go to Merseyside for proof. For many years the policy has been directed at plant and buildings and not at people. If it were abolished and part, and only part, of the money were spent on retraining people in the new occupations (often in the service sector) then we would begin to make progress in the Assisted Areas.

We did agree, early in 1980, that we would make no change in Regional policy during the lifetime of that Parliament. We should now take a good look at our policy as a matter of urgency. We must help to raise the job potential of the old areas.

Barriers to Mobility take many forms. As well as inhibitions on new employment there are skill barriers and accomodation barriers which prevent people moving from the old industries to the new occupations. They all have to be dealt with, together and quickly, if we are to give them enough time to take effect. I am afraid that legislation is involved and to be given enough time to take effect would have to be included in the first Queens speech.

These barriers can be catagorised as follows:-

3.1 Employment Restrictions.

Although we have removed the effects of Employment legislation from firms employing less than 20 people, they still remain for larger firms. The one response that we do get from large firms who have survived the last few years is their reluctance to re-engage any of the workforce that they have shed often at great expense. A large part of this reluctance is the knowlege that it will be both difficult and expensive to dismiss such staff should the occasion warrant. If we were to remove the protection of the Employment Protection Act in respect of all new employees for a period of five years then we will make it easier for these companies to take on new staff and at the same time not remove the protection from the existing workforce.

If we are to succeed in our endevours to encourage the larger firms to take entrepreneural positions then we must make it easier for them to do so.

3.2 Skills Training.

We must give an even higher profile to the need for adults as well as young people to acquire new skills and thus move from low to high technology, and from manufacturing to the service sectors.

We do have plans for the division of the MSC into two nearly equal groups, that part dealing with the Jobcentres and the Community Programme going back to DE, with the balance being transformed into a multipartite National Training Commission. This step again could only take place immediately following an election - particularly as it is foreshadowed in the Manifesto - but that in itself is not enough. We have to deal with adult retraining.

One of the advantages that a National Training Commission would have is that it could report back to DES as well as DoI or DE. We spend at the present time about one billion a year in the Colleges of Further Education and the programme is funded through the Rate Support Grant. We could leave the ownership of the CFE with the LEA but direct the payment through the National Training Commission. The political objections to central Government control of education would not apply to Further Education and we could begin to ensure that courses relevant to future needs are provided.

At the present time we (through the MSC) spend about two hundred million on training the unemployed (TOPS) and very little on training the employed. Traditionally we have regarded the large employers as the responsible bodies for training but in the future it will be the smaller employer who will be taking on those with new skills and small firms do not have either the tradition nor the accomodation to carry out training on their own account. The way out is to encourage individuals to look to their own training needs and this requires a different approach.

We must look towards the use of part time and evening classes, and ensure that sufficent choice is available to all.

As a result of the MSC Review of Adult Training Strategy (which is due to report in July), we could introduce both vouchers, or credits, and a loan scheme.

This loan scheme need not be publicly funded in full. We could create a National Training Loan Fund of say 100m. p.a. and have the entire amount put up by the major banks. Our role would be to subsidise interest (say 5% p.a. being payable by the trainee) and to guarantee both capital and interest. The three to five year loan could have an upper limit of a thousand pounds and if we were to match this with a fifty percent grant we could help 100,000 people a year obtain part time training for a cost of less than 70m. - although the interest cost over the full term will bring this close to 100m. Nevertheless this compares well with the present cost of TOPS (some 200m. for 55,000 full time trainees) and furthermore this would also enable us to obtain valuable experience in the workings of a loan and voucher scheme for later use in the field of general education.

Whatever we do do, we have to make it easier for adults to cross skill barriers. Private Sector employers like BOC and Bell and Howell are now keen to come into the adult training market but without a voucher scheme it will be very difficult to find room for them and at the same time introduce a long overdue reality into the FE's.

3.3 Moving People.

Even if we do provide the inhabitants of the older industrial areas with the new skills and the job opportunities there is no guarantee, and very little likelihood, that they will be able to take advantage of them if the jobs are elsewhere in the country. The great growth in home ownership in recent years has only hindered the ease with which individuals can move, since the old private landlord has been replaced by municipal ownership. Even this is of little use since most local authorities manage to organise both long waiting lists and empty properties at the same time. One of the first casulties of the anti profit consensus this century was the private landlord and we have done little to reverse this trend. This is a policy change of considerable magnitude, but without it the process of change will be severly inhibited.

But even so I doubt if we can simply abolish rent control, and even if we did I am not too sure that we will see a return of the institutions to building residential accomodation to let. However if we were to liberalise the Residential Building Allowance and it was widely used and seen to produce a reasonable and safe return, then they would soon follow since the experience of the past has shown that they are great followers and never leaders.

Mobility of people lies at the root of our attempt to reverse the present pattern of unemployment. Without it all the fine words will have litte effect - the new jobs will only arise where they will and that is not likely to be in the Liverpools or the Newcastles of the North.

There are still many barriers to mobility of labour and unless we manage to solve these problems we will not be able to reduce the very high levels of unemployment in the older industrial areas. It may well be that that is what we will be judged upon at the time of the next election.

June 1983