

19 July 1985

LONG-TERM UNEMPLOYMENT

Tom King's proposals are sensible:

1. Increases in the number of Unemployment Review Officers and Department of Employment fraud staff will almost certainly produce net exchequer savings as well as lower unemployment figures. All the evidence from DHSS and Department of Employment points in this direction.
2. The MSC should certainly co-operate more closely with the Unemployment Review Officers: this may slightly tarnish the MSC's reputation in some "progressive" quarters; but it should not do any serious damage, and there may well be a significant effect on the register.
3. Mark Blaug may well come up with clever ideas about 'benefit-plus' and 'workfare'. But a time limit should be set for his report. You may want to press Tom King on this point.
4. Other research commissioned by Department of Employment is unlikely to do any harm, though it may be inconclusive. But it should be made clear that this will be within Tom's present budget: willingness to pay is a good measure of the value of research.

Research into the black economy must attempt to establish what is happening on the ground. Purely statistical exercises such as those conducted by Patrice Mintard's associates provide no guide for policy.

We recommend that you should endorse Tom's paper, but insist on a sensible time limit for Mark Blaug's study, and remind the Department of Employment that all research has to come out of their own budget.

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