

2 PPS



✓ Mr Walters
✓ Mr Lyden

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Phase 1 continue
but you
accept the
2.5m unemployment
assumption?

PRIME MINISTER

Yes no

UNEMPLOYMENT PROSPECTS AND THE PUBLIC EXPENDITURE
WHITE PAPER

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27/1

As I mentioned to you on Sunday evening, we state (as illustrative) the assumptions used about price inflation and unemployment in the social security chapter of the public expenditure White Paper. The inflation assumption follows from our other decisions: we continue to use 11 per cent, as for setting cash limits, for 1981-82, and lower figures in the two later years.

2. For unemployment, I had hoped to use again the assumptions for 1981-82 we gave the Government Actuary last autumn and which were published in November in his report on the national insurance contributions. But the actual numbers are rising so fast that we look likely to have reached the level then assumed for the year by the time it begins.

3. I do not want the White Paper to be discredited on this account as soon as it is published and so I propose to have 200,000 added to the level assumed in it for 1981-82, making 2.5 million for the unemployed (excluding school-leavers in Great Britain. I shall retain the earlier

/assumption

CONFIDENTIAL



assumption of 200,000 for the school-leavers, adult students and those temporarily stopped. The conventional assumptions for the later two years of the White Paper will continue to be 200,000 higher.

(G.H.)

27 January 1981