

Press Release

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STATEMENT BY RT HON ROY JENKINS



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"I have already expressed the view that of the 2 million increase in unemployment since 1979, about one half is attributable to the world recession. The remaining million has resulted from the squeeze the Conservative Government have maintained on the economy throughout their period of office. This view is now receiving substantial support from the Treasury and Civil Service Committee of the House of Commons under the chairmanship of Mr Edward du Cann: "unemployment is currently about 6% above the rate even pessimistic estimates suggest necessary to control inflation. About half of that can be explained by the world recession, leaving some 3% to be cured by fiscal easing..." Their figures are a little different from mine, attributing $\frac{3}{4}$ million to Mrs Thatcher where I would put it at 1 million, but the diagnosis and prescription is directly in line with the Alliance view, which I hope Mr du Cann will now duly commend to Mrs Thatcher.

"David Steel has explained how we would reduce unemployment by the million which can be tackled by purely domestic measures. International action is equally vital if we are to bite into the second million.

"The British Government has a grave responsibility to the million people who are out of work because of the world recession, to take a lead in advocating joint action with the other industrial nations to chart a course out of the slump. The opportunity is Williamsburg. I think Mrs Thatcher is quite right to go, although it would be better if she concentrated upon the substance, rather than/break preparing to the normal summit press conference rules for purely electoral reasons. The model is the Bonn Summit of 1978, in which I participated and at which the leading countries agreed to adopt concerted if modest expansionary policies. The plan was aborted only because of the massive oil price increase of 1979. The need is still greater now than it was then, and the extent of Mrs Thatcher's determination to press for international action to counter the m/f

slump should be regarded as the major test of her economic statesmanship.

"What is needed is joint action to expand the leading economies together, cooperation between American, European and Japanese central banks to stabilise currencies and extra finance for the developing world. If, as I fear, Mrs Thatcher fails to initiate or support any such constructive moves at Williamsburg, we will know she cares no more for the million British unemployed who could be helped in this way, than for the other who are out of work as a result of her own domestic measures."

END