



LIAISON COMMITTEE

Attached are two papers, for discussion at the next meeting of the Committee, by

- the Minister of Agriculture, Fisheries and Food; this replaces the earlier version circulated on 3 March, which should be destroyed,

- the Parliamentary Under-Secretary of State for Employment (Mr Morrison).

The next meeting is to be held on 30 March; an Agenda has already been circulated.

SEBASTIAN BIRCH

25 March 1983

THE GOVERNMENT'S SPECIAL EMPLOYMENT
AND TRAINING MEASURES

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4th March 1983
DH/MP

Amended 18th March 1983
Amended 23rd March 1983

1. INTRODUCTION

Whereas the Special Employment Measures are an important part of the Government's policy, the Training Measures are an essential element in economic recovery.

Britain's relatively high unemployment reflects a serious decline in industrial competitiveness and profitability over the last twenty years. In the world recession British industry has had to shed labour, raise productivity, increase efficiency and contain labour costs in order to stay in business. These necessary changes will strengthen Britain's long-term economic prospects and so improve the outlook for jobs, but the process of adjustment has hit some groups harder than others. Therefore the government has introduced a wide range of Special Employment Measures to help those most in need.

Technological change has made many existing skills redundant. The Government has therefore also undertaken a radical restructuring of Britain's training arrangements.

2. PUBLIC PERCEPTIONS

Since mid-1980 unemployment has been the political issue uppermost in the public mind. This can be expected to remain the case as it becomes clear that inflation is permanently under control.

The public do not blame the Government exclusively for unemployment, though some blame is attached. World recession is seen as the biggest

single factor and other causes - new technology, trade unions, import penetration, interest rates, bad management - attract only marginal support. The public are also sceptical about the solutions offered by other parties.²

The unemployed themselves seem, in general, to share these views, though a high proportion blame new technology. A majority do not think a Labour Government would have kept unemployment any lower. Given that most of them come from poor backgrounds and have few qualifications, it is not surprising that few intend to vote Conservative.³ They are largely traditional Labour voters anyway.

The public believe that the unemployed groups most in need of help are those with families and young school leavers who have never worked. The long term unemployed do not attract much sympathy,⁴ though this could change as their numbers grow. Cuts in unemployment benefit are not approved and early retirement, work-sharing, greater labour mobility and better training are all offered as solutions. These views may reflect the fact that the Special Employment and Training Measures are not widely known or understood.

Most of the electorate believe that unemployment can be cured, but only a minority think that traditional reflation is the way to do it.⁴

Narrow majorities think that new technology should be accepted rather than resisted, and the general view is that profound changes in working life are now imminent.

2. ORC poll for the Conservative Party, September 1982

3. Economist Intelligence Unit Survey published, in 'The Economist' December 4th 1982.

4. ORC Poll for the Conservative Party, March 1981

3. TRAINING

- (a) Between 1978 and 1985 the number of semi-skilled and unskilled jobs is likely to shrink by almost a million, yet Britain has had until now one of the most poorly trained workforces in the industrial world.
- (b) Britain's training inadequacies have been recognised by industry for nearly a century, and the last twenty years of reform have still not prevented skill shortages or adapted to the relentless pace of technological change.
- (c) The training reforms are not a short-term expedient to deal with unemployment, but an integral part of the Government's policies for improving Britain's industrial performance as a whole.
- (d) Only half Britain's school leavers are trained, compared to nine tenths in Germany and four fifths in France. The Youth Training Scheme is the most comprehensive ever devised in Britain.
- (e) This Government, in the New Training Initiative, has set three practical objectives: no restrictions on skill training; wider training opportunities for adults; and training for all young people under 18. Progress has been made on all three fronts.

3.1. The Youth Training Scheme (YTS)

Youth unemployment is high because young people lack skills and experience and yet expect relatively high wages. The Youth Training Scheme is intended to give them the necessary skills and experience,

and a ready appreciation of what they can expect to earn.

The scheme is not a Special Employment Measure but a training programme. That is why expenditure on the Youth Training Scheme in its first full year (1983-84) will be £1 billion, twice as much as is being spent on the Youth Opportunities Programme and more than eight times the expenditure - in real terms - of spending on the Youth Opportunities Programme during Labour's last year in office. The extra resources will go not into increased numbers but better training. It has meant there will be fewer places - 460,000 as opposed to 630,000 on the Youth Opportunities Programme.

The places will offer a mixture of training, education and work experience for 16 year olds and some 17 year olds. All unemployed 16 year olds are guaranteed a place, effectively eliminating unemployment in that age group

3.2. The New Technical and Vocational Education Initiative

Britain's technical and vocational training has been inadequate. The aim of this initiative is therefore to stimulate technical and vocational education for 14-18 year olds as part of the drive to improve national performance in the development of new skills and technology. 10 pilot projects, offering full-time technical and vocational training, are being selected. They will each involve 1000 youngsters. They start in September 1983 and will lead to recognised technical qualifications. They will cost up to £25 million when fully developed in four years' time.

3.3 Information Technology Centres (ITeCs)

There is a high demand for computer and electronic skills, and by the end of 1983 150 Information Technology Centres will be operating. They will teach unemployed and unqualified young people computing and electronic assembly skills.

80 per cent of the young people leaving the 40 ITeCs which already exist find jobs.

3.4 The School Curriculum

Steps have been taken to ensure that the school curriculum helps to develop the skills and knowledge needed for working life, and to improve the links between schools and employers so that pupils gain a closer understanding of industry and commerce.

A new national qualification for practical but non-academic 17 year olds starts in 1984-85. It is expected to attract 80,000 young people.

3.5 Ending Restrictions on Skill Training

British industry has failed to make full and efficient use of skilled people, not least because of the obstacles erected by trade unions. Technological and market changes, however, increasingly demand flexibility and mobility within the skilled workforce.

The New Training Initiative has therefore set 1985 as the year by which recognised standards will have been established for all the main craft, technician and professional skills, replacing age-restrictions and "time-serving". Government funds to firms providing

apprenticeships will be made increasingly conditional upon steps taken towards this objective.

Trade unions, which have historically opposed flexibility, are now changing their attitudes. Recent agreements in the electrical contracting industry and between the British Printing Industries Federation and the National Graphical Association have abolished time-served apprenticeships in their industries.

3.6. Wider Training Opportunities for Adults

The pace of technological change has meant that no one can expect any longer that training in one skill will last them a lifetime. Adults can expect to retrain, perhaps in two or three different skills, over the course of their working lives.

This is, as it has always been, primarily a matter for industry itself. The Government has, nevertheless, taken some steps to widen opportunities for adults to train and retrain.

There has been a decrease in the number of clerical and commercial courses on the Training Opportunities Scheme (TOPs), in which jobs are shrinking, and some increase in computer and technician courses. There are also two TOPS courses - the New Enterprise Programme and Small Business Courses - for potential businessmen.

Providing places for TOPs trainees in Government Skill Centres has proved substantially more expensive than those in colleges or on

employers' premises. Therefore the Government has set up a separate organisation - the Skill Centre Training Agency - which will put the operation of Skill Centres on a commercial footing by April 1984. They will be exposed to competition from private training organisations and if they cannot compete there will be a gradual contraction of Skill Centre provision. In the meantime, Skill Centres have switched the emphasis of their training away from traditional skills to computer and other skills needed in the future.

To help adults who wish to train, retrain or update their skills in technical and supervisory occupations the Government has launched an Open Tech. It makes existing courses more accessible by the use of "open learning" and "distance learning" methods, along the lines of the Open University. Several projects are now running, concentrating on skill shortages in micro-electronics and engineering. Expenditure will rise from £1 million this year to £8 million in 1984-85.

Since training and retraining for adults largely requires training within industry steps have been taken to shift the balance of responsibility from public authorities to private.

The TOPs budget - currently helping about 60,000 people at a cost of £250m a year - will be increasingly directed towards the necessary provision within industry.

In addition, 16 of the 23 statutory Industrial Training Boards have

have been abolished. Their abolition followed 2½ years of consultation which showed that many of the Training Boards had lost the confidence of their industries, because they had become:

- Bureaucratic, spending more time collecting levies and distributing grants than checking training;
- Wasteful, checking training that was already satisfactory;
- Centralised, failing to tackle local skill shortages or meet the needs of small firms;
- Impractical, failing to encourage the skills actually needed by industry; and
- Anachronistic, having raised training standards but outlived their useful life.

The abolished Boards have been replaced by voluntary arrangements, which will be less bureaucratic and less expensive. Even the retained Boards - kept on at the request of employers in the industries concerned - will now be funded by their industry and several have undergone changes of scope.

4. SPECIAL EMPLOYMENT MEASURES

These are:

- (a) designed to help those groups worst affected by unemployment, like the young, the long-term unemployed and those facing redundancy;
- (b) not cosmetic, but provide a constructive alternative to unemployment;
- (c) designed to match changes in the labour market and to facilitate them;
- (d) represent a substantial commitment of resources at a time of restraint; spending is almost £1½ billion this year and £2 billion next
- (e) generally supported by employers, the education service, voluntary organisations and, by and large, by the trade unions.

PRESENT MEASURES FOR THE YOUNG

4.1 The Youth Opportunities Programme (YOP)

The object of the programme is to provide training and work experience for unemployed 16 and 17 year olds and some 18 year olds. Within six months of leaving the programme about half of the trainees were either in work, full-time education or another YOP scheme. Very high proportions find the training, advice and work experience valuable.⁵ The government has substantially expanded the programme, from 162,000 places in 1978-79, Labour's last year in office, to 630,000 in 1982-83. The budget was increased from £63 million to £74.7 million in the same period.

From 1981-82 the government undertook to offer all jobless 16 and 17 year olds a place on the programme by the Christmas after they left school. This commitment was substantially fulfilled in both 1981 and 1982.

From the Autumn of 1983 YOP is replaced by the New Youth Training Scheme (para. 3.1).

4.2 The Young Workers Scheme (YWS)

This scheme tackles directly the problem of youth unemployment by encouraging employers to take on more young people at wages which reflect their relative lack of skills and experience. Its effects are intended to spread wider than the numbers being directly subsidised, and so undermine the efforts of trade unions to bid up the price of youth labour.

By the end of December 1982, some 130,000 young people were covered by the scheme. The scheme covers young people under 18 in

5. Department of Employment Gazette, October 1982

their first year at work and is expected to cost £59 million in 1982-83.

4.3. Community Industry (CI)

This scheme is specifically designed to help disadvantaged 16-18 year olds, particularly the unqualified. It provides temporary work on projects of benefit to the community.

The Government has increased the number of places from 5,200 in May 1979 to 7,000 in December 1982. These are mainly financed by a Government grant, which has been increased from £11.7 million in 1978-79 to £23 million in 1982-83.

4.4. The Training for Skills Programme (TSP)

This scheme provides funds to help where a training organisation - public or private - has indentified a shortfall in an industry's training requirements.

Grants are paid to employers who take on apprentices and other long-term trainees additional to their normal requirements. Support was made available for up to 35,000 trainees at a cost of £56½ million during 1981-82.

MEASURES FOR THE LONG-TERM UNEMPLOYED

4.5. The Community Programme (CP)

This scheme began in October 1982, and reflects the Government's commitment to help the long-term unemployed. The Government has increased the number of places on special programmes for the long-term

unemployed sixfold, from 22,400 in 1979 to 130,000 in 1982-83. Spending has been increased from £51 million in 1979-80 to £169 million in 1982-83.

CP is a nationwide programme. Those eligible are 18-24 year olds unemployed for at least 6 out of the last 9 months and those aged 25 or more who have been out of work for at least 12 months out of the last 15. In each case they have to have been unemployed for at least 2 months continuously before they apply to join the Programme.

4.6. The Voluntary Projects Programme (VPP)

This scheme provides unemployed people with the opportunity for voluntary work without losing benefits. It has a budget of about £4 million this year (1982-83), increasing to £8 million next year.

OTHER MEASURES

4.7. The Temporary Short Time Working Compensation Scheme (TSTWCS)

This scheme helps companies keep a skilled workforce together and boost productivity whilst new orders are sought by giving employers help to avoid redundancies. At its peak in March 1981 the scheme covered 983,004 people, saving 438,120 jobs. Only 120,243 were covered at the end of December 1982 saving 48,079 jobs. This reflects improving trends in the economy.

Apart from saving jobs TSTWCS helps companies to

- Save severance payments;
- Rationalise their operations;
- Cut back production and reduce labour costs;
- Change working practices, as workers seek to maintain earnings;
- Ease "natural wastage" problems;

- Cut absenteeism; and
- Improve industrial relations, as workers see that the management is trying to keep the company in business.

There is a firm consensus among employers that TSTWCS has many advantages. The CBI has supported it as valuable and cost-effective.

4.8. The Job Release Scheme (JRS)

This voluntary and highly-cost effective scheme makes it easier for people approaching retirement age to give up their jobs to unemployed people. It offers a weekly allowance from the date the applicant leaves work until he or she reaches statutory pensionable age. It is a condition of the scheme that the employer replaces those retiring with an unemployed person, or someone from a number of other categories.

Though the allowances vary the scheme is open to men aged between 62 and 64, disabled men aged 60 and over and women aged 59. From October men over 62 and women over 59 will be able to give up half their work to an unemployed person in return for half the full time allowance. This should provide part-time jobs for 40,000 people.

The number receiving allowances has risen from 66,293 in May 1979 to 78,000 in January 1983. Expenditure has been increased from £21.7 million in 1978-79 to (estimated) £244 million in 1982-83

4.9. The DHSS Scheme for Older Workers

This scheme helps unemployed men to retire early. Some 31,000 men aged 60 and over who were unemployed and drawing supplementary benefit had by August 1982 opted for the long-term rate of supplementary benefit and ceased to register for work. From June unemployed men over 60 will qualify for the long-term rate without having to wait a year or until they reach 65. This will help 42,000 people. In

addition, from April unemployed men aged 60-65 will no longer have to register at the Unemployment Benefit office first to get contributions credits in order to protect their pension rights when they reach 65. This will help 90,000 people.

4.10. The Enterprise Allowance Scheme (CA)

This pilot scheme helps unemployed people who want to start up in business but do not do so because they would lose their entitlement to unemployment or supplementary benefit. It has a positive economic benefit and matches a shift towards self-employment within the economy.

1,863 people were on it at the end of January 1983. Demand has been so high that the budget was doubled in October 1982 to £4 million and the scheme will be nationwide from August 1983, within an overall cash limit of £25 million in 1983-84 and £29 million in 1984-85. It should cover 25,000 people in 1983-84.

4.11. The Job Splitting Scheme

This scheme is designed to encourage employers to split existing full-time jobs into two part-time jobs, and so open up more opportunities for unemployed people to work. Employers who have split jobs have found there are gains in higher productivity and reduced absenteeism.

About 8,000 enquiries have been made about the scheme so far, mainly from London, the South-East and the Midlands in the distributive trades, professional and scientific services, miscellaneous services and insurance, banking and finance. 102 claims for payment of the grant had been made by February 25th 1983.

4.12. The Job Search, Employment Transfer and National Mobility Schemes

Job Search and Employment Transfer help people move to take up jobs which cannot be filled locally. Under the National Mobility Scheme local authorities are obliged to make a proportion of their

housing stock available to newcomers.

In 1983-83 it is estimated that 7,000 people will be assisted by Job Search and 6,000 by Employment Transfer, at a cost of £5.2 million.

5. FALLACIES AND MISUNDERSTANDINGS

5.1 In Opposition the Conservatives derided Special Employment Measures and demanded "real jobs". In Government they have expanded both spending on them and provision of them. Why?

Unemployment reflects the accumulated economic weaknesses of decades. This cannot be put right overnight. Current gains in competitiveness - through de-manning, higher productivity and pay moderation - will eventually feed through into higher output and jobs. Most people do not need help to find jobs. Special Measures aim to help only those who cannot help themselves: the young and the long-term unemployed in particular. They are a useful and cost effective way of doing that. General reflation might create 100,000 jobs at a cost of £50,000 a piece, with no guarantee that those in need get the jobs.⁶ The net cost of a WEEP place (1981-82) on the Youth Opportunities Programme is only £568 a year; on the Community Programme £1030. And the bulk of next year's spending - more than half - is on the Youth Training Scheme, which is not a Special Measure.

5.2. Young people will still not get jobs after a year on the Youth Training Scheme.

No Government can guarantee jobs for young people. Jobs depend on customers, not governments. But the position of young people has been exacerbated by the high cost of employing them when they lack skills and experience. That was why the Government favoured a £15 weekly allowance on YTS, which was regarded as unworkable by those on the Youth Task Group responsible for operating the scheme.

It was raised to £25 which left less money to spend on training; nevertheless YTS will greatly improve their employability.

Nearly two thirds of those currently leaving YOP are in work, or full-time education or another YOP scheme within six months of leaving the programme - and YOP is not a training programme, so the proportion will be even higher after YTS. Three quarters of YOP trainees find the programme helpful in getting a job.

5.3. Youth unemployment owes nothing to relatively high youth wages, so the Young Workers Scheme is a wasteful chimera.

Wrong. If wages were equal for all age groups, employers would hire skilled and experienced older workers, not young inexperienced and unskilled workers. Therefore the efforts of Trade Unions and Wages Councils to push up youth wages relative to adults can only result in the young being priced out of work. In Britain in April 1982 a young man aged between 18 and 20 earned, on average, £90.80 a week, which was nearly 70 per cent of the earnings of male manual workers aged 21 and over. This is a higher proportion of adult wages than in any other Western Country. It has been suggested that this argument is invalid, given that youth wages have been static in relation to adult wages over recent years. This misses the point. At a time of world recession, and with record numbers of young people on the labour market, resistance to any fall in relative youth wages is enough to ensure that many young people are priced out of work.

- 5.4. The Youth Opportunities Programme exploits young people and displaces adults from jobs.

These allegations are easier to make than to prove, and against them must be set the very real benefits young people derive from YOP. Research by the MSC has found the problem to be small, and monitoring of schemes has ensured it is minimal. The stringent quality requirement of the Youth Training Scheme will eliminate it altogether.

- 5.5. There are fewer apprenticeships than ever before.

The number of apprentices in manufacturing industry, has declined from a peak of 236,000 in 1968 to about 100,000 this year. This is no surprising, given their rising cost. A first year apprentice can now cost £5,000 a year. The more realistic attitudes in the EEPTU are to be welcomed.

- 5.6. The Community Programme is no substitute for real jobs.

The quickest way to provide real and lasting jobs is to reverse the constant upward pressure on real wages which is the principal cause of to-day's unemployment. That is up to the trade unions, not the Government. All the Government can do, at little or no cost to the public pay roll, is pay people their benefits to do something rather than nothing. That is the principle behind the Community Programme. Even then the trade unions insisted that participants were paid the local "rate for the job", so raising the cost of the programme and reducing the numbers who could participate, This was a major blow for the unemployed, nine tenths of whom find the

opportunity to work beneficial and two thirds of whom think it helps them find work.⁷

5.7. Workers are still sacked when entitlement to support from the Temporary Short Time Working Compensation Scheme (TSTWCS) is exhausted.

Less than one in twenty respondents to a survey of TSTWCS pointed out that redundancies were only postponed.⁸ The scheme is regarded as valuable both by those companies participating and by the CBI.

5.8. Why not lower the age of retirement?

The cost of lowering the statutory pensionable age would be enormous. If the retirement age for men was lowered to 60, and even if all the jobs were filled by people from the unemployment register, the net cost would be £2500 million a year, at current pension rates. Further costs would be incurred if the Exchequer had to subsidise occupational pensions. And there is a danger in expanding the pensionable group in society beyond the capacity of those still in work to support them. The number of people enjoying pensions has increased from 6.9 million in 1968-69 to 9 million in 1982. As a consequence expenditure on retirement and supplementary pensions is £4 - 5 billion higher - at £15 billion - than it would be if the number of pensioners had remained constant since 1968-69 (1982-83 prices). There is no guarantee it would help the unemployed, since all those who retired would not - unlike Job Release - be replaced, an equivalent number of jobs would not be released. In some cases the skills of those retiring and those unemployed simply would not match.

7. "CEP is working", Report of a study of CEP by Youthaid on behalf of the MSC (Research and Development Series No.7).

8 BMRB Report, August 1981

5.9. The Special Employment and Training Measures do not add up to a coherent strategy.

The object of Special Employment Measures is to help those hardest hit by the process of economic change in a way that does not undermine the basic objectives of Government policy. This they do very successfully; indeed, they complement the Government's strategy by creating a more flexible labour market. Emphasis has shifted to more flexible working patterns (Job Splitting Scheme); improving the employability of young people (Youth Training Scheme); helping the long-term unemployed (Community Programme); and fostering realistic wages (Young Workers Scheme).

5.10. ITBs were set up in 1964 because voluntary training arrangements had failed; they will fail again now and employers will resort to poaching their skilled staff.

The government is satisfied that the voluntary training arrangements in the industries where ITBs were abolished are perfectly adequate, and reserves the right to set up a new ITB where they are not. ITBs covered only half Britain's workforce and did not do most of the training, so there is a long tradition of voluntary training in Britain already. The retention of seven ITBs still leaves 1 in 3 employees (6½ million) in scope to a board, which is half the number previously covered (11 million). The Opposition only favour statutory bodies because they help undermine employer responsibility for training and enhance trade union influence over it.

CONCLUSION

The scale of change in Industry and the resulting level of unemployment are both greater than we anticipated at the time of the last General Election. Our response has been a generous use of taxpayers' money disbursed through the institutional framework which was already in existence when we took office. New schemes have been developed and new ideas generated, but whether or not at the speed required or in the most cost-effective way must be called into question.

All our training measures and the lion's share of the Special Employment Measures are delivered through the Manpower Services Commission. The Quango was set up by a Conservative Government ten years ago and has a tripartite structure - Employers, Unions, Local Authorities, and Educationalists. It is arguable that neither the Youth Training Scheme nor the Community Programme would have got off the ground without the general consent of these vested interests. However, in both these examples substantial compromises have had to be made to accommodate the TUC.

We now have a Conservative Chairman, David Young, and a Conservative majority by five to four amongst the Commission. But even so the delaying tactics and the constant threat of withdrawal by the TUC inevitably restrain more positive action. Admittedly the Secretary of State for Employment has powers of direction, but this card can only be played in a very limited way. Given the size of the MSC's budget (£2 Billion in 1983/4), and the importance of training the labour force for the years ahead, it has to be sensible to question whether or not we should make a major institutional change.

The Jobcentre network, where changes have been made, could easily come

back into the Department of Employment. Such a move would ensure quick, albeit controversial, decisions, resulting in a better but less expensive employment service. The Training Division would be (potentially) better under the arm of the Department of Industry, where the need for future skills are more discernible. The administration of the Special Employment Measures could remain the responsibility of a much reduced tripartite body, or alternatively be under the Department of Employment.

During the last four years we have altered attitudes to training and we have increased substantially the money spent to help the unemployed. In political terms we have a record which we can go out and sell. But after a successful Election we can do more, providing we have the right delivery system.

APPENDIX ONE: NUMBER OF PLACES ON SPECIAL EMPLOYMENT MEASURES AND TRAINING SCHEMES

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Youth Training Scheme	-	-	-	-	-	460,000 ¹
New Technical Education Initiative	-	-	-	-	-	10,000
Training Opportunities Programme	70,187	74,489	64,418	61,396	61,490	68,500
Youth Opportunities Programme	162,000	216,400	360,000	553,000	630,000 (planned)	-
Young Workers Scheme	-	-	-	-	130,000 ¹	79,000
Community Industry			6,000	7,000	7,000	7,000
Training for Skills Programme	n/a	21,000 ^e	26,000	35,000	35,000	
Community Programme	-	25,000 ³	12,000 ³	25,000 ⁴	130,000	130,000
Voluntary Projects Programme	-	-	-	-	*(10)	*(10)
Temporary Short Time Working Compensation Scheme	5	229 148 ⁶ (82,919)	1,810,946 (635,086)	548,306 (166,704)	106,518 ⁷ (77,466)	10,000 ¹
Job Release ⁸ Scheme	52,022 (Jan 1977- May 1979)	66,293 (May 1979- April 1980)	39,120 (April 1980- Nov.1981)	13,284 (Nov 1981- Feb.1982)	47,652 (Feb 1982- Jan 1983)	113,600 ¹³
DHSS Scheme for Older Workers	-	-	-	-	37,000 ¹¹	79,000
Enterprise Allowance	-	-	-	-	1,739 ⁷	25,000
Job Splitting Scheme	-	-	-	-	120 ⁹	-
Job Search, Employment Transfer Schemes	35,900	17,500	11,750	11,550	10,600	13,000

1. Starts in September 1983
2. End December 1982, applications approved
3. Special Temporary Employment Programme (STEP)
4. Community Enterprise Programme (CEP)
5. Short Time Working Compensation Scheme for Textiles, Clothing and Footwear.
6. Figures in brackets indicate numbers of redundancies averted by short-time working.
7. End December 1982
8. The scope of the Job Release Scheme has been changed seven times since its inception in January 1977. The dates refer to the beginning of the changes and the figures for applications approved between those dates. By January 1st 1983 218,371 applications had been approved since the scheme began.
9. Applications received, February 1983.
10. Those on the Voluntary Projects Programme simply "turn up when they like". No figures are therefore available.
11. By Dec 1982
12. Estimate. Scheme scheduled to end 31/3/84
13. From October 1983 the scheme is being widened to include part-time Job Release, which is expected to provide another 40,000 part-time jobs.

ANNEX TWO; SPENDING ON SPECIAL EMPLOYMENT AND TRAINING MEASURES

£M	Outturn 1978-79	Outturn 1979-80	Outturn 1980-81	Proposed Outturn 1981-82	Estimates 1982-83	Estimates 1983-84
Youth Training Scheme	-	-	-	-	-	950
New Technical Education Initiative	-	-	-	-	-	25 ¹
Training Opportunities Programme	208.9	229.4	246.3	235.6	226.2	253.1
Youth Opportunities Programme	63	125	212	400	747	-
Young Workers Scheme	-	-	-	-	59	see note (4)
Community Industry Training for Skills Programme	11.7	17.0	19.0	20.9	23	25 (approx)
Community Programme	n/a	15.4	30.5	56.5	n/a	-
Voluntary Projects Programme	-	-	-	-	4	see note (4)
Temporary Short Time Working Compensation Scheme	0.9 ²	24.4	365.0	259.7	113	8
Job Release Scheme	21.7	85.4	136.0	134.1	244	see note (4)
DHSS Scheme for Older Workers	-	-	-	-	15	28 ⁵
Enterprise Allowance	-	-	-	-	4	25
Job Splitting Scheme	-	-	-	-	2.5 ³	n/a
Job Search, Employment Transfer	10.3	7.2	4.3	4.3	5.4	5.9
MSC's overall training budget	374	452			1212	

1. When fully developed in four years' time
2. Short Time Working Compensation Scheme for textile, clothing and footwear industries
3. Cash allocated, December 1982 - March 1983.
4. Individual figures for expenditure on these schemes in 1983/4 are not available.
5. Estimate. The scheme is being widened from June 1983

THE VOTER'S PERCEPTION OF AGRICULTURE AND FOOD

Introduction

The home production of food is fundamental to the Nation's Security as we learnt only too well during the last war. In fact, it is second only to the defence of the Realm in any Government's responsibilities to its people. Today the guarantee of adequate food supplies that do not have to be shipped long distances is given first by, increased self sufficiency - even successive Labour Governments have supported this policy up until now, in particular during the 1970's with the publication of two papers, "Food from our own Resources" Cmnd 6020 (1975) and "Farming and the Nation", Cmnd 7458 (1979) - and second, membership of the European Community.

The Food and Drink Industry in the United Kingdom is the largest sector in terms of consumers expenditure at approximately £39,000 million per annum. Over 2 million, some 10 per cent of the working population, are engaged in this vast enterprise. But all citizens are concerned in one way or another in its well being. They benefit from a variety and choice of foods available in the shops unknown some twenty years ago.

The agricultural and food industry is one of enormous diversity. From the 242,000 agricultural holdings and their supporting industries such as engineering and chemicals to the food manufacturers both large and small, wholesalers and finally the retailers, the food chain leads inexorably to the total population as consumers.

All Western nations support their food and agricultural industries in some form or other. This may be by direct aid, protection against the gyrations of the world market, or both. The Labour Party has traditionally supported agriculture. It was Tom Williams who introduced deficiency payments from the National Exchequer in the late 1940's. And others such as Fred Peart and Cledwyn Hughes were content to carry on in the same vein.

It can be truly said that the Agricultural industry has been one of our most notable success stories in the national economy since the war. The uptake of new technology, new plant varieties, improved livestock, control of disease, and introduction of new management techniques has been rapid and continuous. This has led to dramatic increases in yields, more varied products and better quality. And the productivity performance is the envy of all other industries.

The result has been increased self sufficiency, in particular in the last ten years since we joined the European Community. Indeed, the growth in labour productivity since 1978 - years of deep world recession - has been exceptionally rapid. This is unlike the recession in the 1930's when agriculture faced collapse and only recovered with the 1940's war demands. Today, of the food we can grow and produce in our climate, we are 76% self sufficient (an increase of 9 percentage points since 1978) and in food of all types 62% self sufficient (an increase of 7½ percentage points since 1978).

No industry in this country has as close a relationship with Government as has agriculture and food. The Government's advisory

services (ADAS), the research stations and laboratories all work closely with the grass roots of the industry to improve its efficiency and productivity. This means that the fruits of research are quickly transmitted and adopted by the thousands of farm businesses on whom we depend for the bulk of our food supplies.

Finally, labour relations in agriculture are second to none. There are no strikes, no demarkation lines, no overmanning, and workers are ready to learn new techniques, operate new machinery and equipment, and use their varied skills as and when the need arises. The result is a success story, with output growing, imports being displaced and new markets being captured. Our food exports now total £2½ billion when in the early 1970's they amounted to only £250 million.

PRESENTATIONAL FRAMEWORK AND POLITICS

"We believe that radical changes in the operation of the Commons Agricultural Policy (CAP) are necessary. We would, in particular, aim to devalue the Green Pound within the normal lifetime of a Parliament to a point which would enable our producers to compete on level terms with those in the rest of the Community. We will insist on a freeze in CAP prices for products in structural surplus. This should be maintained until the surpluses are eliminated. We could not entertain discriminatory proposals such as those which the Commission recently put forward for milk production.

The Uplands are an important part of our agriculture. Those who live and work there should enjoy a reasonable standard of life." Manifesto, 1979.

There are a number of aspects of the public's perception of the Agricultural and Food industries that need stating before a detailed analysis can be done on the last four year of Conservative Government.

a) Europe

Opinion is divided on Britain's Membership of the European Community. Support is and has been declining since the Referendum in 1975, and today the figures show that more people are in favour of leaving than staying, in particular in the C2 and DE groups (ABC1 groups are still in favour of membership).

The main reason given for this hostility to and unhappiness about the EEC is the feeling that the increases in prices in recent years can be largely blamed on the Common Market, in particular the Common Agricultural Policy. However, opinion on the whole approves of the Conservative Government's handling of our relationships with the EEC.

Other adverse aspects of membership were Britain's contributions to the EEC Budget and the so called "food mountains".

b) Lobbies and Politics

Traditionally, there have been four lobby organisations in Agriculture, namely the Farmers Unions, the Country Landowners, the National Union of Agriculture and Allied Workers, and the Royal Society for the Prevention of Cruelty to Animals.

Today, organisations are being formed almost daily to lobby in the interests of animals including pests, flora, fauna, hedgerows, etc. Media coverage of these groups is excellent and funding seems to be no problem, indeed one organisation gave £80,000 to the Labour Party during the last election. Support for these new bodies has in the main come from Urban dwellers whose knowledge of rural matters and agriculture is limited. Unfortunately, this could in time lead to the dangerous situation of the Urban dweller versus the Rural dweller.

The structure of rural society has changed considerably since the War. The agricultural workforce has more than halved, and the rural economy now relies much more on the commuter and the elderly, rather than the farm worker and farmer. The new commuting country dweller has taken over many of the leading positions in rural society, for example membership of parish councils and local authorities, often with no background or knowledge of agriculture. This at times has created conflicts of interest between the farmers and new country dweller. Second homes are also in this category.

Finally, access to the countryside is becoming easier now that most families own cars and have wider interests. Urban dwellers are often uninformed about farming and many regard the countryside as open territory for their leisure pursuits. Conflict will increase, particularly as agriculture moves forward to greater productivity and efficiency.

Assumptions

- It is assumed that Britain will stay in the European Community.
- It is assumed that Government will continue to support Agriculture.
- It is assumed that greater self sufficiency in food that we can produce ourselves will continue to be Government policy.

The Voter's perceptions versus the facts

These notes single out the misconceptions in public opinion on the most important subjects to do with agriculture and food. Some are taken from opinion polls, others are more generally known misunderstandings of the true facts.

Food Prices - Europe to blame. Price rises in general are blamed on membership of the EEC (47%). Food prices in particular come second in anti market opinion.

Fact Between 1973 and 1979, Food Prices rose by 110 per cent of which 10 per cent can be directly attributed to the Common Agricultural Policy and Membership of the EEC (statement by the then Minister, John Silkin). Also, food prices are not fixed by the Council of Agriculture Ministers, only the support price to farmers and growers - market forces largely dictate food prices in the shops.

Food Prices - Governmetn to blame

Opinion blames the Government for what they consider unnecessarily high price rises.

Fact Under Labour, food prices rose by 120% between 1974 and 1979.

Food prices under this Government have gone up by 34.7 per cent compared with 50.9% for all items. January 1983 year on increase was only 1.9 per cent. During the period since 1979 Farm Gate Prices have only gone up by approximately 22%.

c) Cheaper food if we left the EEC

There is no opinion poll indication of public feeling on this. However, the anti market view is that food prices would fall if we imported our needs from the World Market rather than the EEC.

Fact. Britain's demand in most commodities is such that World Prices could rise if we entered the World Market. To contemplate relying more and more on uncertain world food markets - and one cannot ignore the implications of projections for another 50% rise in world population by the turn of the century - is not an option. It is sufficient to recall that a shortfall in the world supply of cereals in 1973 doubled the world price in a matter of weeks, whilst over the past eight years, massive fluctuations in world sugar prices have arisen for climatic and other reasons.

Third countries who traditionally supplied us with food have, since we joined the Community, found other markets for their products. They are unlikely to give up those lucrative markets and return to supplying the UK again. And if they did, they would not supply us 'on the cheap'. It should also be said that if our agriculture were to be supported in the event of our leaving the EEC, the cost would be great. Taxpayers - and thus consumers - would therefore find the net gains to be ephemeral. What they might save on their food bills they would largely lose through the higher taxes the Labour Party would surely impose.

d) Reform of the Common Agricultural Policy

The Government are often accused of not keeping to their Manifesto pledge to reform the CAP.

Facts. It must first be pointed out that the Government cannot instantly improve the Common Agricultural Policy on its own. Agreement has to be reached by all Member States on any legislation or change to the existing policy.

The Government's achievements to be highlighted are as follows:

- A slowing down of the increase in the CAP budget from 210% during the Labour Government to 20% during this Government.
- The percentage of the European Budget going to the CAP has been reduced from just under 80% to 65%.
- UK receipts under the CAP have been doubled.
- Support prices for products in surplus have been reduced in real terms since 1978; Wheat by 19%, Barley by 18%, Sugar by 14%.
- Annual support price increases have been reduced by the Government from an average under Labour of 7.56% to 6.43%. In this Government's first price fixing in 1979, the increase was only 1.3%, the lowest figure ever in the European Community.

The Government's policy has not changed since the election.

"I am convinced that a policy of restraint on Community support prices and other measures to limit guarantees for products in surplus is the only appropriate one to follow in present

circumstances but the effect of this in limiting production is difficult to measure given the range of other factors affecting production." Peter Walker. Hansard 17th February 1983 Col 251.

"We accordingly support the guidelines which the Commission has put forward for a prudent price policy, particularly for products in surplus, improvements in the balance between cereals and livestock prices, and the application of guarantee thresholds." Peter Walker. London, 27th November 1982.

Surpluses

Voters' perception of Membership of the European Community and the agricultural industry often takes issue with the production of surpluses. These attacks vary considerably and frequently avoid the cause, i.e. increased efficiency and expansion by the industry with static or in some cases, such as butter, reduced demand.

- Why sell subsidised butter to Russia; would it not be better to sell it cheaply within the EEC?

First, it is not within the powers of the Government to prevent sales of surplus Butter to Russia. The decision is taken in the Management Committee and certain Member States support the sales wholeheartedly (France in particular). Second, to subsidise all butter in Europe would be much more expensive for the Community Budget. It would not increase butter consumption by much, hence the surplus would still exist.

- Why does the Community not sell the surpluses on the World Market?

The majority is sold on the World Market at a subsidised price. However, dumping at prices well below World Prices would cause

immense problems for 3rd Countries and to existing World trade and prices. Therefore EEC exports have to be carefully controlled at all times. For butter, the real problem is the limited world market in that few nations outside Europe and North America either consume significant quantities or need to import their requirements.

- Why does Europe produce large surpluses of food and what are we in Britain doing about it?

First, better technology and management of food production over the last fifteen years has increased the production of food. However the population of Europe is static at about 260 million. Consumption is barely growing, hence the widening gap between supply and demand.

Second, it must be admitted that under the present funding of the CAP, money is directed mainly to those member states producing more than they consume thereby exacerbating the problem. Also it must be pointed out that these countries tend to contribute less to the Common Budget than their receipts. However, reform of the Budget is proceeding in that from 1980 onward, the UK previously a massive net contributor to the Budget, is now contributing less. This is important as she is not the main producer of surpluses.

Third, over production is not as serious at the moment as some people think. In days supply for the whole community, the largest surplus is in Skimmed Milk Powder at 139 days. Butter stocks are only $17\frac{1}{2}$ days, wheat 45 days, Olive Oil 77 days and Barley only 14 days supply. Would consumers prefer to have stocks of food at stable prices in storage, as do all housewives, or would they rather have to queue for food as they do in Eastern Europe?

Last, much has already been achieved in controlling surplus production but more must be done. Britain has been in the forefront in arguing for price policies (low increases in support prices) and other changes in the CAP that will bring surpluses under better control. (see those listed under Reform of the CAP). Our aim has always been to achieve better market balance and cuts in CAP expenditure.

f) Agricultural Workers Wages

The Government have been accused of preventing Agricultural workers achieving what are described as reasonable wage increases.

Facts First, the Agricultural Wages Board is the sole arbitrator in the annual demands for agricultural wage increases. There are an equal number of representatives from the farmers and from the agricultural workers union, with the independent members holding the balance.

- Agricultural wages have gone up in real terms every year under this Government.
- Agricultural wages actually fell in real terms under the last Labour Government
- Farming Income in real terms fell during the first two years of this Government.
- Average earnings under this Government have increased from £71.75 (1979) to £105.75 (1982 forecast).

e) Animal Welfare

The Government has been accused of not keeping to its election promises as outlined in the Manifesto.

"More specifically, we will give full support to the EEC proposals on the transportation of animals. We shall update the Brambell Report, the codes of welfare for farm animals We shall also reexamine the rules and enforcement applying to the export of live animals and shall halt the export of cows and ewes recently calved and lambed." (Manifesto 1979).

Facts Immediately after the election, the Government set up the Farm Animal Welfare Council to replace the former Farm Animal Advisory Committee. Its terms of reference were "to keep under review the welfare of farm animals (a) on agricultural land; (b) at markets; (c) in transit; (d) at the place of slaughter, and to advise Ministers of any legislative or other changes that may be necessary". These responsibilities included updating the Brambell Committee recommendations.

Codes of practice have been drawn up by the FAWC in many areas and they are continuously working on others. The Export Animals Protection Order 1964 which covers all aspects of the transport of animals has been updated and the EEC Directive (77/489) on the Welfare aspects of animal transportation has been implemented. Cows and Ewes that have calved or lambed within 48 hours are now banned from movement or export.

Internationally, the Government have argued for progress on a Community directive governing minimum standards for laying hens in battery cages, and have participated actively in further discussions on draft recommendations for the protection of laying hens. Britain has also led the World in pushing for measures to protect the Whale population - success was achieved in most areas last year.

4. THE GOVERNMENT'S RECORD OF MEASURES TO HELP THE INDUSTRY

The Government's policy for Agriculture has been based on the principles of helping it maintain its position in the home market during the Recession, and making it more competitive, particularly in Europe. At the same time, the Government has made sure that consumers' interests have been safeguarded, in particular as far as prices are concerned.

Below are listed the major measures and decisions taken by the Government since the election.

Three Green Pound devaluations, which fulfilled a Conservative Manifesto pledge, have eliminated the negative monetary compensatory amounts (MCAs) which had grown to over 45 per cent under the Labour Government in the late 1970s. These acted against the interests of British farmers and growers, by subsidising imports from, and taxing exports to Europe.

Massive increases in Hill Livestock Compensatory Allowances and in Suckler Cow premium have been given in the last three years to help the hill farming sector, and amounted to over £101 million in 1982. Hill cow allowances alone are now worth £44.50 per cow, which is 96 per cent higher than in May 1979.

Milk price increases have maintained the level of production throughout the United Kingdom even though the dairy herd declined steadily with those who have wished to move out of milk production being aided by considerable EEC grants.

Total payments now total over £20 million a year. Milk prices have NOT gone up in Real Terms since 1951. In fact, the price of milk today (21p per pint) is slightly lower than it was in 1961 which is of enormous benefit to all consumers.

A sheepmeat regime for the European Community was successfully negotiated and introduced in 1980. This resulted from Government efforts to safeguard both the interests of UK sheep farmers, particularly in exports, and the traditional New Zealand trade that has filled a gap in our market for many years. Under the regime, Britain has retained her traditional system of guaranteed prices and premiums, the former now 40 per cent higher than when the last Labour Government left office. Because of the operation of the premium system, consumers have been protected from rises in retail prices.

Aid to the horticultural industry worth £6.5 million has been given in the last two years to offset the fuel cost advantage received by the Dutch industry. Agreement was reached in April 1982 in the Council of Ministers, for Dutch fuel prices to be brought up to the EEC average by April 1983.

Changes were made in the 1982 Budget for conversion grants to coal firing to the benefit of the Glasshouse industry.

Aid worth £400,000 was also given to the British apple industry to launch the new 'Kingdom Cox' campaign in 1980. This prevented the French from increasing their growing share of the UK apple market.

Grant aid has been introduced for the replanting of apple and pear orchards for a 5 year period.

The Special UK Butter Subsidy from the EEC was doubled in 1979 and is now about 13p per lb. This has assisted in preventing extra falls in consumption and is of immense benefit to UK consumers.

The Special UK Variable Beef Premium negotiated a few years ago has been retained each year, despite resistance from other EEC Member States, and in 1982 the maximum payable to farmers has been increased by 46 per cent.

Improvements in Marketing. The Government campaign to persuade the industry to improve its marketing started with the appointment of five 'marketeters' in 1979, who produced reports on many of the sectors that were experiencing a declining market share and low returns. These reports included the apple and pear sector, the potato industry and others; and many of their recommendations have since been implemented.

On 7th June 1982, a new body 'Food from Britain' was set up to oversee and help all sectors of the industry. The total support will be more than £20 million over a 5 year period.

Capital Transfer Tax Relief of 20% was introduced for the first time in the transfer of let land.

The Success of the Agricultural Industry under this Government's Policies

Listed below are the main achievements of British agriculture, with particular reference to the Government's policies.

<u>Self Sufficiency</u>	<u>Now</u>	<u>Increase since 1978</u>
In all food consumed	62%	16.8%
In indigenous-type food	76%	13.4%

Food Prices

Increase since May 1979	34.7%
Increase January 1982 to January 1983 (RPI over same period)	1.9% 50.9%

Net Product

Increase since 1978 (last full year of Labour)	21.4%
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Labour Productivity

Increase since 1978 (last full year of Labour)	25.9%
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Farming Income

Increase in actual terms since 1978 (last full year of Labour)	47.7%
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(In real terms Farming Income is still below the levels reached during the mid 1970's and is still below that described as adequate at the last election).

Balance of payments

Our increased self sufficiency means that in 1982, our balance of payments will be enhanced by over £1 billion, as against the position in 1978.

Food Exports

Food exports have grown from £250 million in the early 1970's to some £2,500 million in 1982.

PRESENTATION OF POLICIES ON FISHERIES

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24/3/83

Introduction

During the negotiations that preceded the entry of Denmark, Ireland, and the United Kingdom to the European Economic Community, the then Member States hurriedly formed a Common Fisheries Policy (CFP) based in principle on free access to each others' waters. It did not, for example, provide for reserved coastal belts. The Treaty of Accession left open the possibility of allowing fishing 'up to the beaches' at the end of 1982.

The move to exclusive 200-mile limits by all nations around the world overtook events and the existing CFP became totally unworkable. A chance to change the CFP was missed by the Labour Government during the renegotiations culminating in the Dublin agreement in 1975. All Member States extended national fisheries limits to 200 miles on 1 January 1977 to create an EEC exclusive zone.

At Luxembourg on 26 October 1982 the Government succeeded in obtaining the agreement of eight other Member States to a fishing policy covering all the main issues of quotas, access, conservation and enforcement. Only Denmark did not give her agreement. The nine countries that were in agreement made it clear that in the event of the failure of the Danish Government to agree, they would take Commission approved national measures. This they did from 1 January with the agreement of the European Commission and within the legal parameters of the Treaty of Rome.

On 25 January 1983, the Government succeeded in obtaining a Community-wide agreement which will run for 20 years, into the next century. After 3½ years of difficult and tough negotiations the Government has achieved an agreement that is acceptable to all the principal fishing organisations - the British Fishing Federation, the National Federation of Fishermen's Organisations and the Scottish Fishermen's Federation.

The Inheritance

When the Government came into office they inherited a situation from John Silkin in which the eight other members of the Community (Greece at that time was not part of the Community) had come to a fishing agreement at Berlin, a meeting that Mr Silkin had decided not to attend. The agreement of the eight had been totally unsatisfactory to the UK on quotas, on access, on conservation and on enforcement. The Government had to negotiate in order to persuade the Commission and the other Member States to support an agreement acceptable to the UK.

It has been argued that if Britain had a 200 mile limit a substantial quantity of Europe's fish would be in British waters. The opportunity to use this argument to obtain improvements necessary for the UK was in fact thrown away by the previous Government when in 1976 all Community countries were asked to go for a 200 mile limit on the basis that all the waters contained within that 200 mile limit would be Community waters. The agreement to do so - known as the Hague agreement - was negotiated by Dr David Owen, who was then a Labour Foreign Minister and is now a leader of the Social Democrats. In these negotiations Ireland insisted that if they were going to agree to the 200 mile limit as European waters they should gain arrangements permitting in effect the doubling of their catch in absolute terms; this was agreed by the other Member States including Dr Owen. The Labour Government however sought no such agreement for the UK and accepted the Hague agreement which created a 200 mile limit for the Community without any specific undertaking to the UK on quotas.

The final part of our inheritance was a fishing industry which had lost its rights in Icelandic waters, while stocks of important fish were declining, and an industry which had been given precious little special financial aid in the last years of that Labour Government.

The voters' perception of the Government's achievements

The previous paragraphs describe the position we inherited in May 1979 which resulted in the following commitments being made in the 1979 Manifesto:

"We would work for an agreement which recognised first, that United Kingdom waters contained more fish than those of the rest of the Community countries put together; secondly, the loss of fishing opportunities experienced by our fishermen; thirdly, the rights of inshore fishermen; last, and perhaps most important of all, the need for effective measures to conserve fish stocks which would be policed by individual coastal states. In the absence of agreement, we would not hesitate to take necessary measures on our own, but of course on a non-discriminatory basis."

The outline agreement reached in October 1982 has been well received by the industry and in the country generally. Such criticisms as have arisen have come largely from outside the industry and are dealt with in the following paragraphs. The Government's achievement must constitute the very best that could have been obtained in the short time available, starting from an eight to one against situation in May 1979.

(i) Quotas

We should have struck out for larger quotas than we achieved when considering the amount of fish that we are contributing to EEC stocks, and knowing that we lost considerable fishing opportunities in third country waters.

Fact

Of the seven main species of fish (Cod, Haddock, Saithe, Whiting, Plaice, Mackerel and Redfish), six provide more than 80 per cent of UK landings. Another species of great importance in the future, if stocks recover, is herring.

The quotas obtained for the seven main species are in excess of our fishing in the years from 1973-78 and indeed for most stocks are as great as, or greater than, the exceptionally high level of fishing of these species in 1982. To illustrate this, the average catch of North Sea cod in the years 1973-78 was 85,000 tonnes, while the quota provided in this agreement for 1982 is 114,700 tonnes. The new quotas provide the UK with 47 per cent of the EC availability of North Sea Cod, 60.5 per cent of the EC availability of West Coast herring and 58.7 per cent of the EC availability of West Coast mackerel.

The proportion of quotas allocated to each Member State for the seven main edible species is:

United Kingdom	37.3%
Denmark (including Greenland)	25.5%
France	11.6%
Germany	11.4%
Netherlands	7.7%
Ireland	4.6%
Belgium	1.9%
Italy	NIL
Greece	NIL
Luxembourg	NIL

Some measure of the success of the negotiations undertaken by this Government can be seen from the fact that, when they took up the negotiations, the Commission's first proposals offered only 31 per cent of the stocks of the seven main species. Every percentage point gained since has been at the expense of other Member States.

To have tried to go even further than this would have been pointless. No nation would wilfully prevent her friends and neighbours from fishing in her waters when it is known that first, fish do not abide by territorial limits and second, nations have traditionally fished in her waters, some for centuries.

The loss of fishing opportunities in third country waters is adequately reflected in the quotas listed above.

(ii) Access and protection of the rights of inshore fishermen

The Government has reneged on its commitment for a 12, and indeed at times 50, mile exclusive limit for our fishermen.

Fact

In the mid to late 1970s, the then Government demanded exclusive limits that were not within our reach either on a historical basis or compatible with our commitment to Europe.

"All practical considerations lead us to require that belt of up to 50 miles that we have demanded."

(Silkin, Hansard, 28 November 1977, Col 115.)

This was never a starter and Mr Silkin never came anywhere near achieving it. But the present agreement does provide British fishermen with a better domination of our coastal waters than has been available at any time in the history of the fishing industry.

Up to 1964 Britain enjoyed a three mile exclusive zone. When the London Convention was adopted in 1964 and limits were extended first to six and then to twelve miles, agreement was reached with all the other fishing countries as to what historic fishing rights should be allowed in the 6-12 mile belt. These rights were agreed to by all the countries involved in the London Convention and were the historic rights by which we had to abide in the 6-12 mile zone until the UK joined the Community. In 1973 under the Treaty of Accession other Community countries demanded and obtained a further extensions of historic rights.

This agreement has eliminated most of the Treaty of Accession rights, and has even improved on the rights that existed prior to accession. Under the terms of the Treaty of Accession, Member States held rights in 1,999 miles of our 2,667 miles of coastline. In the agreement now reached these rights are eliminated or reduced in 1,441 miles of those 1,999 miles. A major improvement has therefore been achieved in 72 per cent of the coastline where historic rights previously existed.

United Kingdom fishermen will also obtain important rights in 6-12 mile areas of other Member States. This includes rights to fish all species in the French waters from the frontier with Belgium to Cap d'Alprech for demersal species, and from Texal Island in the Netherlands to the border with Germany, and to fish for cod and plaice around Heligoland in Germany and most most species round the Irish Republic from Minehead east along the southern coast and north up the eastern coast to the Ulster border. The arrangements under which Northern Ireland fishermen can fish in any part of the Irish Republic's 12 mile area, and vice versa, are also continued - arrangements that work very much to the advantage of Northern Ireland's fishermen.

Added to this, a "box" has been obtained around the Shetland Islands where fishing by larger vessels will be licensed so that the important stocks in that area can be carefully conserved, and, over the years, enhanced. There is no restriction on vessels under 80 feet in length, which is to the advantage of United Kingdom, particularly Scottish, vessels. These arrangements provide a 20 year guarantee against a really major increase in the intensity of fishing in an area of vital importance to us.

(iii) Enforcement and Conservation

The perception is that the January 25th agreement will not enforce the conservation measures agreed by all Member States.

Fact

Enforcement

One of the most important demands of our fishermen was to have a sensible system of enforcement in which Member States could not over-fish their quotas or infringe the access provisions. The agreement provides a system which will ensure the effective control of fishing by all fishermen in the Community. The United Kingdom Government provided the first proposals for such a Regulation. It sets out clearly Member States' obligations to ensure that Community fisheries rules are obeyed. The United Kingdom will be responsible for enforcement within our own fishing limits and at the ports. In addition, at the United Kingdom's insistence, the Commission are establishing a special unit whose specific task will be to check up on Member States' fulfilment of their enforcement responsibilities. Inspectors from this unit will make regular visits to all the Member States concerned, will have the power of "on the spot" inspection, and will be able to accompany the national inspector to check that agreed control measures are being properly enforced. The Commission will have the power to ask for information and call for and attend an administrative enquiry if it is not satisfied with that information. Of most importance, the Commission will be able to stop a Member State fishing when there is reason to believe that its quota has been exhausted.

Substantial penalties will be available. A fine of up to £50,000 plus the confiscation of the very costly gear will add up to a major disincentive to over-fish.

Conservation

There will be a new regime to meet some important United Kingdom needs and establish on a permanent basis the vital Norway pout box in the North Sea. The proposals will also include a more rigorous control on beam trawling. Our previous national measures will now be put on a Community basis. It is this measure that will give the fishing industry increasing instead of declining stocks.

The Government's Record

An agreement has been achieved which will last into the next century, will allow stocks to recover and so give our fishermen increasing fishing opportunity, and most important will give them confidence in their future viability.

Throughout the negotiations, the Government has supported the industry during the recession with massive aid, and the agreement that has been reached will help the rebuilding and restructuring of the industry that all agree is necessary. It has always committed itself to not accepting an agreement that did not meet the industry's approval. Peter Walker complied totally with that promise and when the final offer was made by the Commission he called in the leaders of the fishing industry and asked them whether they wished him to approve or reject. He made it clear to them that if they wanted him to reject he would do so and that they were entirely free to come to a decision. All three organisations asked him to accept the package. "The House will know that I have always undertaken that I would only approve an agreement that has the approval of the British Fishing Industry. When the Commission's final proposals were made I met the leaders of the three fishing organisations and all three asked me to accept these final proposals." (Hansard, 27 October 1982, Col 1051).

Aid to the Fishing Industry

It will be seen from the following table that there is a remarkable contrast between the Conservative Government's record in giving special financial aid to the industry and that of the Labour Government. Indeed, the aid announced in October 1982 was more than the total of special aid given by the Labour Government in its entire period of office. Already, this Government has given almost four times the aid that Labour gave when it was responsible.

<u>Previous Government</u>	<u>£ million expenditure</u>
1974/5	0.6
1975/6	11.1
1976/7	2.3
1977/8	0.1
1978/9	0.8
<u>Total</u>	14.9

<u>This Government</u>	
1979/80	0.4
1980/81	17.1
1981/82	24.7
1982/83	15.0
<u>Total</u>	57.2 (Source: MAFF January 1983)

Structures

The structure package is made up as follows:

	<u>EC budget</u> (million units of account)	<u>EC budget</u> £m approx.	EC share of total cost to Member State	Duration (Years)
Decommissioning	32	18	50% (of up to approx £360 per tonne)	3
Vessel building and modernisation	118	66	25%*	3
Laying up Grants	44	25	50%	3
Joint Ventures	7	4	50%	3
Development of aquaculture	34	19	25%*	3
Artificial Reefs	4	2	50%	3

Structures (continued)

Exploratory Voyages	11	6	50%	3
<u>Total</u>	250			

*50% in Ireland (including Northern Ireland), Greenland, Greece, the Mezzogiorno and the Departments D'Outre Mer.

(Source: MAFF October 1982).

Substantial scrapping, modernisation and construction grants will be made to our fleet and the Community will finance 50% of all scrapping grants of up to £360 tonne and 25% of modernisation grants.