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13 September 1985

Nigel

ENTERPRISE ALLOWANCE SCHEME

Thank you for your letter to Tom of 5 August. We are now pressing ahead with the preparation of costings of an expansion of the Enterprise Allowance Scheme.

However, I think it only fair to say that while I appreciate your concern that the effects of marketing the scheme should be assessed on the basis of its existing rules, I am nonetheless convinced that a reduction in the unemployment qualifying period would represent a convenient and cost effective means of increasing the take up of scheme places. I shall therefore be pressing for this at the forthcoming bilateral.

Meanwhile, may I convey my thanks to you for agreeing to re-examine the tax rules applied to scheme participants. I look forward to hearing your conclusions.

I am sending a copy of this letter to the Prime Minister.

Lawson

MANPOWER : Special employment measures: Pt 13.

