

The Employment Summit

Speech given by the Prime Minister, Gordon Brown

London, 12 January 2009

Let me begin by adding my thanks to all of you for joining us this morning from every part of the country, from every sector of industry, employers, leaders in training, trade union leaders, people who are involved in the search, creation and the protection of jobs. And let me thank you for attending this important conference with the announcements that we are making today.

And I want to start also by thanking all those who have been involved in the new Local Employment Partnerships. I think all those employers and others who have given their time to make these work in so many different parts of the country deserve a special thanks. These partnerships involve every sector from manufacturing to retail and services. They are tailored to both the needs of the employer, matching the support to get a person ready to fill a role with an employer agreement for the employee to give that person a fair chance of filling the vacancy. Employers creating opportunities, government at all levels helping people into these opportunities in a sustainable way that is for the benefit of British business, for individuals, for the local community and for the economy as a whole.

And let me tell you what Local Employment Partnerships, with your help, have already achieved. In a short time more than 90,000 who were long term unemployed or were disadvantaged in the labour market have now moved into work. A 20 year old in Birmingham is one of them. He had been unemployed for 18 months after leaving school, he only had a few qualifications. He was helped by a Local Employment Partnership to start a work trial only two days after applying. Six months later he said – and this is his quote – “I can’t believe how much has changed from when I started looking for work. I enjoy my job. Since I started six months ago it shows that there are companies out there willing to give people like me a chance.” And that is one young man who could be speaking for 90,000 people and that is the power of what we can achieve working together, real help for people and for businesses when they need it. And that is why this time it is more important than ever to build on that partnership.

So let me encourage any employer who is yet to do so to sign up to Local Employment Partnerships.

And this working together is not simply about getting unemployed people a job, it is about investing in the skills and talents that both employers and employees need to compete sustainably in the global marketplace of the future.

Only a few minutes ago I met some of the graduates of Morrisons’ apprenticeship scheme. Morrisons have announced today that they are creating 5,000 new jobs across their business and they are launching a new Fresh Food Academy to offer a high quality route into skilled work, with support and training to achieve nationally recognised qualifications.

Now the context in which James Purnell, the Work and Pensions Secretary, John Denham, our Universities and Skills Secretary, and Peter Mandelson, our Business Secretary, are here with me and Leigh Lewis today, is very different from a few months ago when we first set out the proposals

for Local Employment Partnerships. Every continent and every country is now confronting challenges that no-one has ever had to meet before, challenges that demand not just new policy programmes, but new ways of working together. And I think people will look back on these events of the last few months and say this is no ordinary downturn, it was not caused – like previous British recessions – by too much inflation, it is different because it is global and it is financial, it is different because of what has happened round the world to the banks. We are living through the first global financial crisis of this new global age and we have witnessed nothing less than a worldwide failure of the banking system, a failure that as we know began in America but spread across every major economy of the world.

Last week it was confirmed that the Euro area is officially in recession now. America has been in recession since November 2007, with more United States workers losing their jobs last year than in any year since World War II. And the latest forecast from the Congressional Budget Office predicts the US economy will contract by more than 2% in 2009 and that the US budget deficit will be over 8% of the national income, even before President-Elect Obama's very substantial fiscal stimulus package.

Now our response to global financial failure has first of all to be global, rebuilding the world's banking system. So my pledge to you is simple, we will act together with other world leaders to get banks and then businesses back on the move. But so too here at home we must act together to keep our country strong. While we are acutely aware of the global challenges we face, and these range not just from the financial turmoil, but climate change, energy security, the restructuring of industries, and we know these will require us to work together internationally to create global solutions, so we should also understand that this is a time when change will also bring new opportunities that are unprecedented.

Even with all the problems we face now, this is a world economy that - as China, India and the rest of Asia join the ranks of consumers as well as producers - will double in size over the next two decades.

And this means that for every firm that in Britain has a product to sell globally there could be twice as many opportunities. And round the world this expansion will over these two decades create as many as a billion new skilled jobs and it will be new jobs in environmental technologies, in digital industries, the creative sector, in advanced manufacturing, in healthcare and pharmaceuticals, in education itself, as well as in all the service sector industries around them. And I want Britain to be ready to seize these opportunities and secure a large share of this new global wealth.

So we are committed to giving real help to people now for immediate needs, but our plan is also that we know that the best and most enduring form of help is to give people the skills they will need and help them into the jobs that will be sustainable for the future.

Now we know that any action we take has costs, but the biggest cost of all would be the cost of doing nothing. Failure to act now and to do so in coordination with our international partners would mean a deeper and longer global recession, it would mean temporary rises in unemployment becoming permanent, it would mean, as in the past, whole communities written off and that would mean lasting damage to our economy and a bigger bill to pay in the future. This will not happen on my watch.

So we will do everything we can to prevent the global recession turning into a global depression, to prevent short term unemployment turning into long term unemployment, and to prevent losing your

job meaning that you lose your home as well. And these are the lessons that we need to take from the experience of handling past downturns.

Today the number of long term unemployed is around 100,000. In the recessions of the 1980s and '90s it was more than one million. All our efforts must be to strive to prevent that from happening again.

So the first element of our plan is to rebuild the financial system; the second, is a plan that brings real help for businesses and people now, and that is why we have raised the pension, increased child benefit, cut VAT and lowered taxes by raising tax allowances, and we are making available a range of help to small businesses with more announcements to come later this week.

But as we are saying, the best form of real help now is investing in a stronger future, giving people the skills for the future by investing through the downturn to prepare for the upturn. Investing now to build a better future tomorrow.

And I believe there is no credible plan for getting out of this downturn that is not also a plan for building that better future, and there is no credible leader anywhere in the world who thinks anything different.

France has announced a 25 billion euro programme of measures to stimulate its economy; Germany, 32 billion euros with the prospect of more to come; President-elect Obama has set out his plan for a massive \$800 billion fiscal stimulus in America, arguing, as other world leaders are doing, that only governments working with the private sector can provide the short term boost necessary to lift us from this global recession.

So that is why we say invest and not cut and that doing nothing doesn't help. It hurts more today and worse still it harms us for the future if we do not invest. We say invest to extend real help now to those who lose their jobs, and to those people my message is very straightforward: we won't give up on you, but in turn you must not give up on work, on skills or on training. But if we are going to deliver on these promises, as we must, then we must build on the partnership we are creating between business and government.

So if you look at the challenges facing us right now, there is so much we can do together. We are bringing forward our capital spending programmes, increasing public investment by £10 billion over the next two years. It will be its highest share ever of national income and that will bring the creation and protection of 100,000 jobs next year alone and help to keep builders, and plumbers and electricians, some of the unsung backbone of our British economy, in work.

And in the coming weeks we will set out further detailed plans for smart investment in the industries of the future, the industries in which Britain will be a global leader in the 21st century creating those products and services that we can sell to the world. And this will include a programme of investment in green jobs and the environment, investment in the new digital economy, and of course in infrastructure itself.

But today I want to announce, with our Ministers present, that we will intensify the support that we have been providing for individuals, with guarantees for young people and adults that will enable them to equip themselves best for the future.

Last week we announced our plan to create 35,000 additional apprenticeships, taking the total spending on apprenticeships next year to just under £1,000 million. Later this week, as part of our

White Paper on New Opportunities, we will set out our September offer to school leavers whereby everyone is offered either a college place, an apprenticeship or learning at work and with it the opportunity to enhance their skills and their chances of getting on in life. For now more than ever is the time to invest in our young people, their skills and their talents in training them for the future, and we will not leave millions of young people to pay the price of a global recession in lost chances and years of hopelessness.

But we must today do more and everything we can to help those losing their jobs to find work again, and to find work quickly or to get a new skill, to maximise the chances of the unemployed getting jobs from the 500,000 vacancies that exist in the economy and the 10,000 new vacancies that are still being registered every working day. And we must in doing so maintain our labour market as fair and flexible. In other words we cannot always prevent people losing their last job, but we can help people get their next job so that the inevitable increase in short term unemployment is never again allowed to become the long term unemployment that scarred so many lives in communities in our past.

Now over the last 10 years by working together we have transformed available support to help people stay in work or return to work. And we have been replacing what used to be a one-size-fits-all world of benefits dependency with an active service where tailored support to help people back to work is matched by the obligation for people to do everything possible to help themselves. This fair and flexible labour market enables firms to adjust flexibly to new circumstances, but it prevents the good employers being undercut by the bad. Together the national minimum wage and tax credits have helped to make work pay, and they have ensured that the biggest increase in hourly earnings have been consummated among the low paid.

We have already increased the support available to those made unemployed from the first day of their claim so that everyone who has just lost their job will have access to more intensive help, including a skills training assessment, an advisor discretionary fund to help with immediate back to work expenses, and access to the new £100 million training and employment package that will help them immediately retrain and develop new skills. And there will also be greater support for those unemployed at three months with more extensive interview help, weekly signing on and directed job search.

And because we are determined to prevent short term unemployment leading to long term unemployment, with all its consequences, and because we know that the risk of long term unemployment increases as skills and confidence deteriorate, we are today setting out a new guarantee of intensive support for anyone still unemployed after six months, using £500 million that we set aside as part of our fiscal stimulus in the pre-budget report. From April, at six months, an unemployed man or woman can access a menu of tailored options: recruitment subsidies to help employers with the cost of taking on new people, because we are serious about working in partnership with you to help people back into work and we understand the challenging times you are facing; money and support to help people who want to start their own businesses or become self-employed because we have to develop the entrepreneurial spirit in the country; or where return still isn't possible through these forms of support, work focused training to help people build their skills and talents that are the future life-blood of our competitive economy and will underpin the sustainable employment of the future.

And so in total we estimate that with this guarantee, and with the additional financial support that we are also announcing today, we will be able to help 500,000 people into work or work focused training over the next two years.

Now I believe that by acting together and working together we can help families and businesses through the downturn, and at the same time and by the same measures we can also secure our future competitiveness as a global economy. Real help now and real hope for the future, with the steps we are taking today, with the guarantees of support for young and old alike, with the public investment that this government is prepared to make. It is our determination that Britain can lead the world in showing what we can do to help those who become unemployed, and what we can also do to create the jobs of the future. And I believe we can do it working in partnership.

Britain works best when Britain works together and I believe that we can show this in the partnership to great jobs.