NATIONAL ARCHIVES

IRELAND

Reference Code:	2009/120/1950
Creation Date(s):	11 April 1979
Extent and medium:	5 pages
Creator(s):	Department of Foreign Affairs
Access Conditions:	Open
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Mr Barry 9/25 S/1 S/2 S/3

AMBASSADE D'IRLANDE
17 Grosvenor Place
London SW1X 7HR

11 April 1979

Secretary
Department of Foreign Affairs

Attention: Hugh Swift

Please find enclosed copies of the Manifestos of the Labour, Conservative and Liberal Parties for the forthcoming election on 3rd May.

The Labour Party Manifesto, which was released last Friday evening, represents a tactical victory for Callaghan over the left wing of his party. The largely left wing National Executive Committee of the party, over the previous year, had produced sections to be included in the Draft Manifesto. The Prime Minister with his advisors produced a separate draft and it was this draft, rather than that of the NEC, which formed the basis for discussion by the small Cabinet-NEC group which decided on the final Manifesto.

In these circumstances, therefore, the Manifesto is a moderate one by left wing standards and its proposals are as expected. It may be broadly stated that the voters are being asked to re-elect the Labour Government to enable them to continue on the same lines as before and the Manifesto is, in the main, a re-statement of these policies. The Manifesto stresses the renewed cooperation between the Government and the trade unions achieved by the so called concordat in February of this year. In promising a widening of the powers of the National Enterprise Board and in providing for compulsory planning arrangements between the NEB and larger companies, the Manifesto does propose new statutory powers for industry. It also stresses the need to fight against inflation and to reduce unemployment. The aim is to get inflation down to 5% by 1982 and to achieve a growth rate of 3%. The Manifesto is highly critical towards the EEC, an issue which Labour are trying to stress during the course of

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the campaign, though the reference in Callaghan's personal introduction - we are ready and willing to work with our European partners in closer unity - has a more positive ring than the Manifesto text itself. It seems clear that the Labour Party intends to fight the election on the policies of Thatcher and the Conservatives rather than propose any new radical policies itself.

In his Press Conference launching the Manifesto, and in press conferences and speeches since then, Callaghan has concentrated on criticising Conservative policies and on expanding elements of the Manifesto. He has promised, for example, to increase the monies available to the Scottish Development Agency. He has said that Britain would become an industrial desert under the Conservatives and that a Tory Government would put 1.2 million jobs at risk through cutting Government subsidies. He has challenged Thatcher on what the Conservatives would do to keep down prices. Of all the economic issues, which are generally regarded as electorally crucial, jobs seem the one where Labour have the most ~~ground~~ gain to make, and on which their campaign is concentrating.

That Section of the Manifesto dealing with Northern Ireland is noticeably different from the Northern Ireland Section in the October 1974 Labour Manifesto in that it is briefer and less detailed on avenues for political progress. Perhaps the most significant aspect is that the emphasis is placed on the situation of direct rule without any language suggesting a firm commitment or a resolve to seek a new partnership devolved Government.

The central point of the Liberal Manifesto, launched yesterday, is that the two-party system has failed to provide Britain with proper leadership and that the election provides an opportunity "to change a failed political system". It appeals for support for Liberal candidates in order to provide an alternative to the two-party system. The Lib-Lab Pact, it is claimed, provided the necessary stability and consistency which reduced inflation to 8% and led to some return of industrial confidence. There are four underlying themes to the Manifesto; political reform, economic and industrial reform, a changed taxation system, and the introduction of "an environmental prospective".

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The main elements of the political reform desired are: electoral reform on the basis of P.R. for all elections; the setting up of powerful Parliamentary Select Committees; the re-placement of the House of Lords by an elected Chamber; and regional assemblies.

The Liberal economic proposal most likely to find widespread support is that which calls for major taxation reform, simplifying personal taxation and reducing its burden. They also want employees to share control of companies with shareholders, a prices and incomes policy enforceable at law and no further large scale nationalisation. They also call for fundamental reform of the Common Agricultural Policy and of the Common Fisheries Policy. They support a stronger and more democratic European community, and state that their long term aim is a federal Europe, which would involve working towards economic and monetary union, more effective regional and social policies and a strengthening of the European Parliament.

On Northern Ireland the Manifesto proposes, as did the Liberal group which reported on Northern Ireland in January, a 15 - 20 member Advisory Committee to be elected by P.R. The Committee would represent the views of the people of Northern Ireland to the Secretary of State and would discuss how a constitutional conference should be set up. Besides this it states that direct rule must continue for the time being and that the civil power should be given military assistance for as long as required. There is a specific statement that "Britain will not force Northern Ireland to unite with the Republic" The Pardoe thesis on withdrawal does not find expression in the Manifesto.

Unlike the Labour Manifesto, which is concerned with the continuation of present policies, and the Liberal Manifesto, containing wide-ranging radical proposals many of which are

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incapable of being realised without a majority Liberal Government, which is not going to happen, the Conservative Manifesto, published today, calls for a new beginning. It proposes clear cut alternatives to Labour policies claiming that during the last five years the balance of British society has been upset and has been tilted in favour of the State at the expense of individual freedom. Most of the major proposals have already received a public airing.

The Manifesto proposes three trade union reforms, on picketing and on the closed shop through legislation and on secret postal ballots, for which public funds would be provided. It also states that the Conservatives would ensure that unions bear "their fair share" of the cost of supporting those of their members who are on strike. This is taken to mean that the Conservatives would probably reduce the public benefits available to strikers and their families. Pay bargaining in the private sector should be left to the companies and workers. In the public sector it should take place within the limits of what the taxpayer and ratepayer can afford. In addition, they will seek to conclude no-strike arrangements in a few essential services.

Savings can be made on public expenditure, Government intervention in industry will be reduced and particularly that of the National Enterprise Board, whose powers will be restricted solely to the administration of the Government's temporary shareholdings. The working of the Monopolies Commission, the Office of Fair Trading and the Price Commission will be reviewed. The concentration should be on creating new jobs rather than on preserving existing jobs. Recently nationalised aerospace and shipbuilding concerns will be offered for sale to private owners.

One of the elements most likely to achieve publicity is the proposals on taxation changes. The Conservatives plan to cut income tax at all levels. Savings will be made on Government expenditure but they recognise that they may have to increase other forms of tax, particularly tax on spending.

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The proposals on the EEC are as expected. The Manifesto calls for radical changes in the CAP, for a devaluation of the Green Pound and on a freeze in CAP prices for products in "structural surplus". The Labour Government is criticised for not taking advantage of the opportunity which EEC membership offers. Interestingly, the Manifesto does not mention defence in its discussion of foreign policy coordination.

The section on Northern Ireland is very short. The initial sentence is a re-affirmation of the intention to maintain the union. The emphasis is on the defeat of terrorism and the restoration of law and order rather than on the political problem. There is a specific commitment to seek to establish one or more elected regional councils with a wide range of powers over local services. There is no reference to the Neave proposal for a judicial enquiry into local government reform which some of his last statements suggest might have a wider remit. Mr Cartan of the Belfast Telegraph has suggested to us ~~that~~ in this connection the Unionists want a Royal Commission.

There is a commitment to introduce a new British Nationality Act which will not adversely affect the right of anyone now permanently settled in Britain.

The Conservative campaign is putting a good deal of emphasis on the Manifesto's promise to introduce immediate legislation to give council tenants the legal right of purchase at substantial discount terms.

The Tory message from the Manifesto is "a new beginning", distinct from both the years of Labour Government and the Heath years. At the same time the Manifesto is cautious in many areas with qualifications like "we shall seek to" and "we shall review". The search for this balance of a new start, but a safe start, is directly geared to counter the key thrust of Labour's attack summed up in Callaghan's admonition to the electorate in his opening campaign salvo "Don't risk it on May third".

Dó Ceallaigh

Daithi O Ceallaigh
Press and Information Officer