

PREM 15/2069

1974 ELECTIONS

EVENTS LEADING TO THE RESIGNATION
OF MR. HEATH'S ADMINISTRATION, 4 MARCH 1974

1. Chronicle of events, 1 to 4 March.
2. Statement issued from Transport House, 1 March (paragraph 11). *
3. Minutes of Cabinet discussion, 1 March (paragraph 12). *REMOVED*
4. Aide memoire for meeting with Mr. Thorpe, 2 March (paragraph 23).
5. Telegram from Mr. Harry West, 2 March (paragraph 24).
6. Mr. Pym's advice on Mr. West's telegram (paragraph 24).
7. Note of meeting with Mr. Thorpe, 2 March (paragraph 27).
8. Press Statement issued after meeting with Mr. Thorpe, 2 March (para. 27)
9. Reply to Mr. West's telegram, 2 March (paragraph 30).
10. Message from Mr. Edward Taylor, M.P., 2 March (paragraph 32).
11. Message from Mr. Nigel Fisher, 3 March.
12. Message from Mr. Woodrow Wyatt, 3 March.
13. Transcript of telephone conversation between the Prime Minister and Mr. Thorpe, 3 March (paragraph 40).
14. First draft of first letter to Mr. Thorpe, 3 March (paragraph 46).
15. Note of meeting between Prime Minister and Mr. Thorpe, 3 March (paragraph 47).
16. Second draft of first letter to Mr. Thorpe, 4 March (paragraph 48).
17. Minute of Cabinet discussion, 4 March, 10.0 a.m. (paragraph 49). *REMOVED*
18. Last paragraph of draft letter to Mr. Thorpe, as amended in Cabinet, 4 March (paragraph 49).
19. First letter to Mr. Thorpe, 4 March (paragraph 49).
20. Message from Mr. Edward Taylor, M.P., 4 March.
21. Mr. Thorpe's reply, 4 March (paragraph 52).
22. Minute of Cabinet discussion, 4 March, 4.45 p.m. (paragraph 52) *REMOVED*
23. Draft of second letter to Mr. Thorpe, 4 March (paragraph 52).
24. Second letter to Mr. Thorpe, 4 March (paragraph 56).
25. Draft of post-resignation broadcast.

* Paragraph references in brackets are references to paragraphs in the chronicle of events (Document 1).

Editorial note:

1. Document 1 in the list of file contents ("Chronicle of Events, 1 – 4 March") is missing from the file, sadly.
2. Cabinet minutes have been added to this file from CAB128/53.

Editor, margaretthatcher.org

NEWS RELEASE

ISSUED BY THE LABOUR PARTY INFORMATION DEPARTMENT
TRANSPORT HOUSE - LONDON SW1P 3JA - 01-834 9434
DIRECTOR OF INFORMATION: PERCY CLARK

Mr. Wilson met his senior Parliamentary colleagues this afternoon.

They agreed that the nation's paramount need is the immediate formation of a Government which is prepared to deal decisively with the economic and industrial crisis facing the nation.

The Conservative Government asked for an increased majority to continue their present policies. The electorate rejected their appeal.

The Conservative Government now lacks the authority to give the lead the country is seeking.

The meeting was unanimous that urgent action should be taken to ensure that Britain has a cohesive Government to deal with the crisis.

In these circumstances, the Labour Party is prepared to form a Government and to submit its programme for the endorsement of Parliament.

NOTE FOR EDITORS

Fourteen of the eighteen Parliamentary members of the former elected Shadow Cabinet were present. Those not able to be present were contacted by telephone and endorsed the conclusions of the meeting.

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CM(74) 9th
Conclusions

COPY NO 85

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

FRIDAY 1 MARCH 1974

at 5.45 pm

PRESENT

The Rt Hon Edward Heath MP
Prime Minister

The Rt Hon Sir Alec Douglas-Home MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Lord Hailsham of St Marylebone
Lord Chancellor

The Rt Anthony Barber MP
Chancellor of the Exchequer

The Rt Hon Lord Carrington
Secretary of State for Energy

The Rt Hon Robert Carr MP
Secretary of State for the Home
Department

The Rt Hon James Prior MP
Lord President of the Council

The Rt Hon Sir Keith Joseph MP
Secretary of State for Social Services

The Rt Hon Geoffrey Rippon QC MP
Secretary of State for the Environment

The Rt Hon Margaret Thatcher MP
Secretary of State for Education and
Science

The Rt Hon Peter Walker MP
Secretary of State for Trade and Industry

The Rt Hon John Davies MP
Chancellor of the Duchy of Lancaster

The Rt Hon Peter Thomas QC MP
Secretary of State for Wales

The Rt Hon Francis Pym MP
Secretary of State for Northern Ireland

The Rt Hon Ian Gilmour MP
Secretary of State for Defence

The Rt Hon Maurice Macmillan MP
Paymaster General

The Rt Hon Sir Geoffrey Howe QC MP
Minister for Trade and Consumer Affairs

The Rt Hon Lord Windlesham
Lord Privy Seal

SECRET

ALSO PRESENT

**The Rt Hon Humphrey Atkins MP
Parliamentary Secretary, Treasury**

SECRETARY

Sir John Hunt

SUBJECT

THE SITUATION FOLLOWING THE GENERAL ELECTION

SECRET

CABINET

CONFIDENTIAL ANNEX

CM(74) 9th Conclusions

Friday 1 March 1974 at 5.45 pm

THE SITUATION
FOLLOWING
THE GENERAL
ELECTION

THE PRIME MINISTER said that the result of the General Election was disappointing for the Government and also confusing to interpret. Although a number of results were still outstanding it was clear that no one Party would be able to command an overall majority. The Labour Party could not get more than 301 seats and the Conservatives might obtain as many as 299; and it was difficult to forecast where the Liberals and other small Parties would stand in such a situation. Indeed the position was one without precedent in recent times. The Government seemed to have three courses open to it. The first would be for him to advise The Queen that she should send for Mr Wilson as the probable leader of the largest single Party even though he would be able to form only a minority Government; and the Labour Party had indeed issued a statement indicating its readiness to attempt this task. The second course was for the Government to exercise its constitutional right to face Parliament and see whether it could command support for its programme. The third course was to try and arrange support from the smaller Parties for a programme designed to deal with the nation's immediate difficulties. So far as this last course was concerned, support from the Ulster Unionists must be regarded as unreliable, although they might decide to support the Government without trying to insist on any deal, which would be unacceptable, over the Northern Ireland Assembly or Executive. An alternative basis of support would be to consult the Liberal Party as to their willingness either to enter a coalition or to support the Government in the lobbies on an agreed programme. He would welcome the views of his colleagues on these three alternatives. In particular it was necessary to consider carefully whether in a situation where the two main Parties were so close, where the Conservative Party had obtained the majority of the total votes cast and where nearly 6 million votes had also been cast for the Liberal Party, the nation would expect him to attempt the formation of a right-centre coalition before handing over power to the Labour Party. He had spoken by

telephone to the Secretary of State for Employment who was ill; and the latter favoured an approach to the Liberals. This would however involve taking the latter into full confidence about the economic situation. A further complication was that the Government did not yet know what the Pay Board would recommend for the miners or whether the latter would accept it and agree to return to work under a Conservative-Liberal coalition; the likelihood was however that the recommendations would be generous and would be accepted irrespective of the Government in power.

In discussion it was argued that, although the Government had not obtained the strong mandate which it had sought, there was a large anti-Socialist majority which supported both an incomes policy and Britain's continued membership of the European Community. This majority could form the basis of a Conservative-Liberal coalition which would unite the moderates in the country. It was also arguable that the public opinion polls had encouraged many traditional Conservative voters to feel that they could safely vote Liberal because of doubts about some aspects of the Government's policy but still see the return of a Conservative Government. The response of the Liberals was difficult to predict. They might well demand too high a price in terms of electoral reform: on the other hand they would be unlikely to want to face another General Election at an early date and might therefore be inclined to reach an accommodation. From the Conservative Party's own point of view there were also arguments both for seeking an accommodation and for accepting without delay the consequences of not having obtained an overall majority. If they went needlessly out of office, a Labour Government would attribute the economic situation to Conservative mistakes and, with the later benefit of North Sea oil, might remain in power for a very long period. On the other hand if a coalition was formed with the Liberals, those traditional Conservative supporters who had voted Liberal on this occasion might never return to their former allegiance.

In further discussion there was much support for the view that the Liberals held the key to the situation and that they should be forced to show whether they wished to keep in power a Conservative or a Labour Government. It would clearly be wrong for the Conservative Party to hang on to power at the expense of its principles; but the chances of reaching an acceptable accommodation with the Liberals could only be assessed as a result of consultation with them. This would force them to move one way or the other: and if they refused an accommodation the traditional Conservative voters who had voted for them would be likely to return to their former allegiance at the next Election.

THE PRIME MINISTER, summing up the discussion, said that the general view of the Cabinet was that he should consult the Leader of the Liberal Party about the chances of a coalition or an arrangement whereby the Liberals would support an agreed programme to deal with the immediate situation. The object would not be to do the best possible deal with the Liberals but to force them to show their hand and to discover the sort of programme which they would support. In the present situation where no Party would command an overall majority the Government had either to be rejected by the House of Commons or by the Liberal Party and there was every reason to canvass the possibility of an anti-Socialist coalition. His approach to Mr Thorpe would however be without commitment, and members of the Cabinet should remain in London over the weekend so that he could consult them further as the situation developed. In the meantime no indication should be given to the Press of the Government's intentions. He would be having an Audience of The Queen immediately after their meeting and a Press statement would say simply that he was going to report to her on the situation.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office

4 March 1974

POINTS FOR TALK WITH MR. THORPE

Neither major party can command an overall majority in the House of Commons.

But:

- (1) the number of votes cast for Conservative candidates exceeded the number cast for Labour candidates;
- (2) nearly 6 million votes were cast for Liberal candidates, and therefore presumably against the idea of a Socialist Government;
- (3) therefore a substantial anti-Socialist majority of votes cast;
- (4) there are seven Ulster Unionist members who will receive the Conservative whip: if you add these to the Conservative members from Great Britain, those who take the Conservative Whip outnumber (by 303 to 301) the number taking the Labour Whip; and even if you do not add ^{these} to the numbers, the assumption must be that they will not vote against the Government on non-Ulster issues;
- (5) Mr. Wilson has made it clear that the Labour Party is not interested in any form of coalition or understanding with other groups represented in Parliament.

In this situation the Prime Minister has a duty to undertake consultations to see whether he could form an administration which would represent the majority of non-Socialist voters and could count on a sufficient degree of support in the house of Commons to enable the Queen's Government to be carried on and to take the necessary economic measures.

Whatever differences there may be between the Conservative and Liberal programmes, the two parties are in agreement on two major principles of policy:

- (1) commitment to membership of the European community;
- (2) commitment to a policy for countering inflation which deals with pay as well as with prices.

The Prime Minister believes that it would be possible for him to agree with Mr. Thorpe on a programme for inclusion in a Queen's Speech the week after next which the Liberal Party could support.

The Prime Minister thinks that in the present circumstances it is in the national interest that he and Mr. Thorpe should consider seriously and positively whether this is possible.

Basis of support

This could be either an understanding with the Liberal Party to support the Government on measures within a programme to be agreed, but without formal participation in Government; or formal participation of Liberals in Government, with a seat in the Cabinet for Mr. Thorpe and one (? or two) other Ministerial appointments for Liberals. [Possibly two Cabinet appointments ?]

Prepared to contemplate either basis.

No question of change of leadership. Mr. Heath elected as Leader by the Conservative Party, and the Party would not countenance any arrangement under which some one else than the elected Leader was Prime Minister.

Measures

1. Miners' pay.

Relativities Report now submitted; published on Monday.

Seek settlement on basis of recommendations.

2. Economic measures: the Budget (necessary measures, but fairly shared in relation to ability to pay).
3. Commitment to explore with employers and unions a voluntary pay and prices policy; failing that, use of existing machinery to maintain strict control of prices and fair control of pay.
4. Amend Industrial Relations Act.
5. Increased worker participation in industry.
6. Six-monthly pensions upratings.
7. Support for new constitutional arrangements in Northern Ireland.
8. Improve energy supplies (particularly North Sea Oil); encourage consumer cooperation and arrangements between consumers and producers.
9. Third World policies.
10. Europe: no renegotiation, but changes in CAP and institutions.
[No immediate commitment on direct elections.]
11. High level inquiry on need for and possible form of changes in electoral arrangements.
12. Proposals on Kilbrandon.

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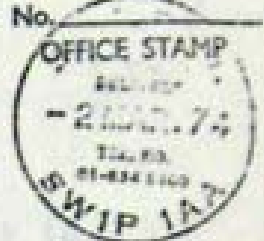
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Election

24



10 Downing Street
Whitehall

4 March 1974

Dear Jeremy.

Thank you for your letter of this afternoon.

My colleagues and I regret that you do not feel able to accept our offer of Liberal participation in Government. In these circumstances I have decided that the right course is for me to tender my resignation.

If Mr. Wilson is invited to form an administration, he will no doubt consider whether to pursue proposals for a Government of national unity. He has already said that he would not enter into any coalition or understanding with any other party. None the less, my colleagues and I would of course consider very carefully any proposals which he might make to promote national unity.

Yours sincerely
Edward Heath

The Rt. Hon. Jeremy Thorpe, M.P.

At the General Election I asked the nation for a clear mandate for the policies put forward by the Conservative Government to deal with inflation and the economic problems facing the country.

As you all know, the result of the Election plainly did not give the Government such a mandate.

But neither did it give the other major party an overall majority in the House of Commons - or even the largest share of the votes cast.

Because of the economic situation, it was essential and urgent that an Administration should be formed which would have sufficient support in the new House of Commons to provide the necessary stability to carry on The Queen's Government.

In that situation the Cabinet decided that it was reasonable to see whether a basis existed for an agreement between the Conservative and Liberal Parties which would enable a Government to deal effectively with the over-riding needs of the economic situation.

From the policies put forward by the Conservative and Liberal Parties it looked as if there might be enough common ground for a more broadly-based administration to be possible.

My colleagues and I believed that full Liberal participation in Government was essential if we were to ensure a stable administration capable of taking the measures required and able to command confidence both at home and overseas.

My colleagues and I have spent the last three days in a strenuous attempt to create such an administration, but in the event the Liberal Party felt unable to join us in a coalition Government.

I have therefore informed Her Majesty The Queen that I was unable to form a Government which would command the necessary ~~confidence~~ and support and tendered my resignation and that of the Government.

(~~I have advised Her Majesty to invite Mr. Wilson to form a new administration.~~)

When I took office as Prime Minister in June 1970 I pledged myself and my Government to the service of the Nation.

Now in opposition, I renew that pledge.

In the present difficulties it must be right to set aside partisan differences and to act together.

The new Government can be assured of my support in whatever realistic measures it takes in the interests of all the people.