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FM OTTAWA 231500Z MAY 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 168 OF 23 MAY

INFO WASHINGTON

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Prime Minister

GM  
24/5

CANADIAN GENERAL ELECTION.

1. THE PROGRESSIVE CONSERVATIVES, UNDER MR JOE CLARK, DEFEATED THE LIBERALS IN YESTERDAY'S ELECTION WITHOUT WINNING THE 142 SEATS THAT WOULD GIVE THEM AN ABSOLUTE MAJORITY. THE STANDING OF THE PARTIES IS:-

PC'S	135
LIBERALS	114
NEW DEMOCRATIC PARTY	26
SOCIAL CREDIT	6

ONE SEAT IN VANCOUVER IS STILL UNDECIDED IN A VERY CLOSE COUNT BETWEEN THE PC AND LIBERAL CANDIDATES.

2. EARLY THIS MORNING MR TRUDEAU ANNOUNCED ON TELEVISION HIS INTENTION OF RESIGNING WITHIN A DAY OR TWO AFTER CONSULTING HIS CABINET COLLEAGUES AND OF REMAINING AS LEADER OF OPPOSITION. HE APPEALED TO THE LIBERAL PARTY TO CLOSE RANKS BEHIND HIM. BUT HIS FUTURE LEADERSHIP IS LIKELY TO COME UNDER ATTACK WITHIN THE PARTY. MR CLARK IS EXPECTED TO HOLD A NEWS CONFERENCE LATER TODAY TO ANNOUNCE HIS PLANS. WHEN HE IS APPOINTED PRIME MINISTER HE WILL, AT AGE 39, BECOME THE YOUNGEST IN CANADA'S HISTORY.

3. THE LIBERALS HELD THEIR OWN IN THE MARITIMES AND STRENGTHENED THEIR GRIP ON QUEBEC WHERE THEY TOOK 67 OF THE 75 SEATS AND THE PC'S ONLY 2. THE PC'S RAN STRONGLY IN ONTARIO, PARTICULARLY IN THE INDUSTRIAL SOUTH WHERE 8 CABINET MINISTERS WENT DOWN TO DEFEAT, AND THE NDP MADE NO GAINS (SMI CLN) BUT THE 58 SEATS THEY WON IN THE PROVINCE WERE JUST SHORT OF WHAT THEY NEEDED FOR AN ABSOLUTE MAJORITY. WEST OF ONTARIO THE PC'S SWEEPED THE LIBERALS ASIDE BUT HAD TO CONTEND WITH STRONG OPPOSITION IN KEY AREAS FROM THE NDP, WHO WON 17 SEATS.

4. THE PROVISIONAL FIGURES FOR THE POPULAR VOTE SHOWS THAT THE LIBERALS WON 40% (MUCH OF IT REPRESENTED BY QUOTE OVERKILL UNQUOTE IN QUEBEC), THE PC'S 36% AND THE NDP 18%.

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5. DESPITE THE CLOSENESS OF THE OUTCOME MR CLARK'S POSITION LOOKS STRONG. IF THE SPEAKER (A LIBERAL) IS RE-ELECTED BY THE HOUSE, MR CLARK COULD GOVERN WITH THE SUPPORT OF THE SOCIAL CREDITISTS. ALTERNATIVELY HE COULD SEEK A DEAL WITH THE NDP. WHETHER THE LATTER AGREE TO ONE OR NOT, THEY WILL HARDLY WANT TO BRING ABOUT AN EARLY DEFEAT FOR THE NEW GOVERNMENT.

6. COMMENTATORS HAVE NOTED WITH APPREHENSION THE POLARISATION OF THE COUNTRY BETWEEN ANGLOPHONE CANADA AND FRANCOPHONE QUEBEC. THIS IS AN OBVIOUS FACT. BUT MR CLARK HAS GREAT POTENTIAL STRENGTH AS THE LEADER OF THE FEDERALIST CAUSE: HE ENJOYS SUPPORT FROM THE PROVINCIAL PREMIERS OUTSIDE QUEBEC, WHO ARE PARTIES TO THE DISCUSSION (SMI CLN) AND HE SEEMS DETERMINED TO TAKE SOME OF THE EMOTIONAL HEAT OUT OF THE ISSUE WITHOUT BEING SOFT ON SEPARATISM. IT IS ALSO WORTH NOTING THAT HIS RELATIONS WITH MR RYAN, THE LEADER OF THE QUEBEC LIBERALS, ARE REASONABLY GOOD.

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NAMD