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TO PRIORITY F C O

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INFO SAVING MOSCOW, PEKING, UKMIS NEW YORK, OTTAWA, PARIS, BONN,
UKREP BRUSSELS, DUBLIN, NATO POSTS, CGS USA.

THE REAGAN CABINET

1. PRESIDENT-ELECT REAGAN'S CABINET IS NOW ALMOST COMPLETE. ITS GESTATION HAS TAKEN LONGER AND BEEN MORE PAINFUL THAN EXPECTED, PARTLY BECAUSE OF INFIGHTING AMONG INDIVIDUALS AND INTEREST GROUPS SEEKING TO INFLUENCE REAGAN'S CHOICE, AND PARTLY BECAUSE OF PERSONAL AND CONFLICT OF INTEREST PROBLEMS AFFECTING SOME OF THE INDIVIDUALS CONCERNED.
2. THE CABINET ITSELF CONSISTS OF PEOPLE WHO ARE LARGELY UNKNOWN TO THE PUBLIC AND MOSTLY WITHOUT EXPERIENCE IN GOVERNMENT, ALTHOUGH SUCCESSFUL IN THEIR OWN FIELDS. ONLY WEINBERGER (DEFENCE) AND HAIG (SECRETARY OF STATE) HAVE PREVIOUSLY SERVED AT THE TOP LEVELS OF GOVERNMENT, ALTHOUGH SOME OTHERS HAVE OCCUPIED LESS SENIOR POSTS IN PREVIOUS ADMINISTRATIONS. REAGAN HAS INCLUDED THREE OF HIS CLOSE ASSOCIATES FROM CALIFORNIA: WEINBERGER, SMITH (ATTORNEY-GENERAL) AND MEESE (COUNSELLOR TO THE PRESIDENT). THE REPUBLICAN POLITICAL AND BUSINESS ESTABLISHMENT IS STRONGLY REPRESENTED AND 8 OF THE 15 MEMBERS NAMED SO FAR WERE EDUCATED AT IVY LEAGUE COLLEGES, WITH 6 FROM HARVERD. THERE ARE ALSO, UNUSUALLY, 2 FROM WEST POINT: HAIG AND BLOCK (AGRICULTURE).
3. SOME CHOICES WERE CLEARLY DICTATED BY NARROW CONSIDERATIONS. HENCE THE INCLUSION OF A BLACK (PIERCE AT HOUSING AND URBAN DEVELOPMENT). EDWARDS (ENERGY) SEEMS TO HAVE BEEN SELECTED IN ORDER TO MEET CRITICISM THAT THE EARLY APPOINTMENTS INCLUDED NO-ONE FROM THE SOUTH. AND WATT (INTERIOR) MAY HAVE BEEN CHOSEN IN PART TO PACIFY COMPLAINTS FROM MANY OF REAGAN'S LONG-STANDING SUPPORTERS ON THE RIGHT WING OF THE PARTY THAT THE OVERALL COMPLEXION OF HIS CABINET WAS TOO CENTRIST.
4. AMONG THE SENIOR MEMBERS OF THE CABINET, THE NOMINATIONS OF REGAN (TREASURY) AND WEINBERGER HAVE PARTICULARLY UPSET THE QUOTE NEW RIGHT UNQUOTE. REGAN IS REGARDED AS IDEOLOGICALLY AGNOSTIC AND HIS EARLY REMARKS ABOUT THE NEED FOR A BALANCED PACKAGE OF TAX AND EXPENDITURE CUTS HAS UPSET THOSE WHO ADVOCATE TAX CUTS AS THE FIRST PRIORITY OF THE NEW ADMINISTRATION'S ECONOMIC POLICY. WEINBERGER IS VIEWED WITH SUSPICION BY THOSE WHO LOOK TO THE NEW ADMINISTRATION FOR MASSIVE INCREASES IN DEFENCE EXPENDITURE AND WHO RECALL HIS LACK OF PREVIOUS EXPERIENCE IN DEFENCE AS WELL AS HIS REPUTATION AS A BUDGET CUTTER. HIS MEMBERSHIP OF THE TRILATERAL COMMISSION, WHICH IS ANATHEMA TO THE RIGHT WING OF THE PARTY, ALSO MAKES HIM SUSPECT. A REARGUARD ACTION IS BEING FOUGHT BY THE REPUBLICAN RIGHT WING TO FILL THE MAJOR SUB-CABINET POSTS WITH MEN OF THEIR IDEOLOGICAL PERSUASION.

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5. ALEXANDER HAIG AND JAMES WATT ARE REAGAN'S TWO MOST CONTROVERSIAL APPOINTMENTS AND THE ONES BEST CALCULATED TO PLEASE THE RIGHT WING. BACKGROUND ON WATT IS IN MY TELNO 4990. ONCE GEORGE SHULTZ (REAGAN'S FIRST CHOICE FOR SECRETARY OF STATE) HAD REMOVED HIMSELF FROM CONSIDERATION, REAGAN HESITATED OVER HAIG, NOT BECAUSE HE HAD DOUBTS ABOUT HIS SUITABILITY FOR THE JOB, BUT BECAUSE OF FEARS, INITIALLY CORROBORATED BY WORD FROM REPUBLICAN SENATE LEADER HOWARD BAKER, THAT HAIG MIGHT NOT BE CONFIRMED BY THE SENATE. THE RESULTING DELAY AND DOUBTS OVER HAIG'S APPOINTMENT GAVE DEMOCRATS AND THE EAST COAST PRESS A TASTE OF BLOOD. THE WASHINGTON POST, IN PARTICULAR, HAS BEEN IN FULL CRY WITH A SERIES OF ARTICLES ABOUT HAIG'S ALLEGED MISDEMEANOURS WHEN HE SERVED IN THE NIXON WHITE HOUSE. THE ALLEGATIONS ARE NOT TRIVIAL AND HIS CONFIRMATION HEARINGS (DUE TO START ON 9 JANUARY AND EXPECTED TO LAST FOR ABOUT A WEEK) MAY BE TENSE. HOWEVER, IN THE ABSENCE OF NEW AND DAMAGING REVELATIONS HIS CONFIRMATION SEEMS ASSURED, THOUGH THERE IS ALSO SOME CONCERN AMONG SENATORS AND THE PRESS ABOUT HAIG'S OVERALL QUALIFICATIONS FOR THE JOB EG HIS RANGE OF EXPERIENCE AND KNOWLEDGE OF MATTERS OUTSIDE THE STRATEGIC SPHERE.

6. THOUGH LARGELY UNKNOWN, NONE OF REAGAN'S CABINET NOMINEES HAS COME AS A COMPLETE SURPRISE, IF ONLY BECAUSE OF CAREFUL LEAKING OF NAMES TO THE PRESS. ADVANCE PRESS SCRUTINY, THE REQUIREMENTS OF THE ETHICS IN GOVERNMENT ACT AND SOME SKILFUL BACKSTABBING HAVE RULED OUT SOME POTENTIALLY GOOD CHOICES (SHULTZ AND SIMON) AND ONE OR TWO EMBARRASSING ONES EG PHILIP SANCHEZ WHO SERVED IN NIXON'S ADMINISTRATION AND WOULD HAVE BEEN APPOINTED BY REAGAN TO HOUSING HAD NOT INVESTIGATIONS BROUGHT TO LIGHT HIS SCANDALOUS PRIVATE LIFE. ENQUIRIES SEEM TO HAVE BEEN LESS RIGOROUS IN THE CASE OF JACKIE PRESSER, A LEADER OF THE TEAMSTERS UNION, WHO WAS APPOINTED AS SENIOR ECONOMIC ADVISER TO THE REAGAN TRANSITION. PRESSER IS CHARGED WITH MISMANAGEMENT OF UNION FUNDS AND IS BELIEVED TO HAVE LINKS WITH THE MAFIA.

7. AT TIMES, THE REAGAN TRANSITION HAS APPEARED TO LACK DIRECTION. APART FROM HIS TWO VISITS TO WASHINGTON AND HIS TRIP TO NEW YORK, REAGAN HAS STAYED QUIETLY IN CALIFORNIA. HE HAS MADE FEW PUBLIC APPEARANCES AND HAS NOT PERSONALLY PRESENTED ANY OF HIS NEW CABINET TO THE PRESS AND PUBLIC. REAGAN HAS HAD NO SUBSTANTIVE DISCUSSION WITH THE NEW MEMBERS OF HIS CABINET, EITHER ABOUT THEIR OWN JOBS OR ABOUT ADMINISTRATION POLICY. COMMENTATORS ARE BEGINNING TO ASK TO WHAT EXTENT REAGAN IS IN CHARGE AND TO WHAT EXTENT OTHERS ARE PREPARING TO GOVERN IN HIS NAME. ED MEESE, WHO AS COUNSELLOR TO THE PRESIDENT IS THE PRINCIPAL SPOKESMAN AND DECISION-MAKER FOR REAGAN, HAS MORE THAN ONCE HAD TO ASSURE THE PRESS THAT REAGAN IS BEING CONSULTED.

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8. THE TRANSITION TEAMS HAVE ALSO GOT BOGGED DOWN IN BUREAUCRACY. REAGAN'S TEAM IS THREE TIMES THE SIZE OF CARTER'S FOUR YEARS AGO AND HAS ALREADY OVERSPENT THE DOLLARS 2 MILLION ALLOCATED BY CONGRESS. THE TEAM OCCUPIES 9 FLOOGS OF A WASHINGTON BUILDING AND HAS BECOME SO SWAMPED WITH ITS OWN PAPER THAT AN ADVISORY TEAM HAS BEEN APPOINTED TO ASSESS THE REPORTS OF THE OTHER ADVISORY TEAMS. THE POSITION IS SUMMED UP BY A RECENT CARTOON WHICH HAS REAGAN WALKING, UNKNOWINGLY, INTO HIS OWN TRANSITION OFFICE AND COMMENTING THAT IT REPRESENTS QUOTE PRECISEPY THE KIND OF BLOAT AND INEFFICIENCY WE WANT TO GET RID OF UNQUOTE.

FCO PSE PASS SAVING TO: MOSCOW PEKING OTTAWA PARIS BONN UKREP
BRUSSELS DUBLIN ANKARA ATHENS COPENHAGEN LISBON LUXEMBOURG OSLO
ROME REYKJAVIK THE HAGUE UKDEL NATO AND BRUSSELS

HENDERSON

[REPEATED AS REQUESTED]

[THIS TELEGRAM WAS NOT ADVANCED]

FCO/WHITEHALL
NAD

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