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THE PRIME MINISTER

I spent part of last week in Washington, met some of the people concerned with the three campaigns, and you might like to know the names of the people closest to the three candidates and their own Campaign Managers' assessments of how they think the Campaign will go.

DEMOCRATS

Purely in terms of efficiency the Democrats are currently in the best shape of the three.

BOB STRAUSS, Campaign Manager, is a superb professional, articulate, competent and confident. He told me that he has advised the President to keep a low profile until September. He believes that the Republican Convention in Detroit next week will be a triumph for Reagan, and will boost still further his lead over the President. The Democratic Convention in August on the other hand will probably be a dreadful disaster, Bob Strauss said, and he predicts that Reagan's lead over Carter might be as much as 15% in the Opinion Polls at the end of August. He is not unduly alarmed about that. Carter's lead over Ford was 30% at the same time in the 1976 Campaign, and fell to only 2% by Polling Day. The particular danger in 1980 of a serious drop in the Presidents support would be any potential boost that it gave to Mr Anderson's chances. One danger scene in the Democrat script is their expectation that Mr Reagan will make a serious blunder during the Campaign. The Democrats recall that as Ford obliged with what might well have been a campaign losing goof then surely Reagan is even more likely to make one. They seem to me a little too much reliance on this possibility.

According to Bob Strauss PAT CADELL and FRED DUTTON the most important decisions in the White House are now taken by four people - The President, ROSALYN, JODY POWELL and HAMILTON JORDAN. Any important decision is taken by this group (the definition of 'important' in this context being any decision that affects public opinion).

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According to my informants while the Secretary of State and Mr Brezynski see the President frequently they are not present at the moments of decision. The President's private Pollster, Pat Cadell is a frequent visitor to the Oval Office (he saw the President every day in the three days that the President was in Washington last week) but he leaves the room when important political issues are to be decided.

ANDERSON

Like the Presidential team Anderson's key people are heavily media orientated. The Campaign Manager, MIKE MCLEOD does not have the influence with Mr Anderson that is exercised by DAVID GARTH his Media Adviser. Garth is a New York Public Relations expert. Able, tough, perhaps too domineering. He is by trade a TV commercial maker. He is what our Ambassador in Washington calls "one of the hired guns" - one of the now considerable number of media experts who hire themselves out to candidates in National and State elections. David Garth is effectively running the Anderson Campaign. Anderson's basic problem other than credibility, is one of money and the heart of his effort and the man who convinced him to go independent is TOM MATTHEWS who is in charge of his fund raising campaign. This he is doing with quite some success by direct mass mailings. Matthews is an ex-newsman and was head of PR for the Peace Corps at its inception. Another former press man is MIKE MASTERSON who is Anderson's Chief Administration Assistant. Anderson's Press Secretary MICHAEL ROSENBAUM is relatively new and does not appear to have the same influence over the candidate that is exercised by the holders of that position in the main parties.

The atmosphere in the Anderson HQ is one of amateur enthusiasm somewhat dampened by the candidates' apparent conviction that most of his paid helpers are in it for the money. This creates a poor working relationship in the HQ and there is evidence of some disloyalty by the staff towards the candidate in so far as they passed this information onto me. The Anderson strategy is of course to give the candidate credibility as a possible winner. Present polls show his position varying between 18-23%. This has been static in the last month. He more than anybody else is entirely dependant on his standing in the opinion polls. A drop away from his present position could virtually wipe him out. His key period will be August when Reagan's stock rises and Carter's falls.. In some states he is having difficulty getting onto the ballot and the ballot closed in five States before he announced his candidature. Opinion polls in one of these States, Maryland, indicated that if he could get onto the ticket he could win./

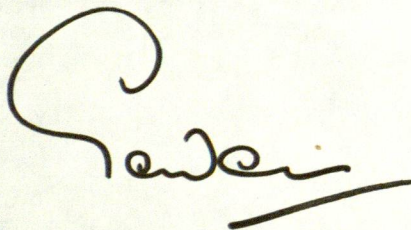
It in fact represented his best chance of any State. He will be contesting this early ballot closure in Maryland in the Courts.

REPUBLICANS

Reagan's is far and away the richest and also the least media dominated group. The new HQ in Arlington is overflowing with experts of this and that, many on high salaries.

BILL CASEY, whom you met is a delightful man and originally campaigned unsuccessfully for Taft in 1952. He is not as close to the candidate as Bob Strauss is to the President and does not strike an outsider as being in Strauss's class. But there are many other people around Reagan of considerable talent and much is expected of BILL TIMMONS appointed last week and who will organise the Republican Convention.

The three men closest to Reagan and the people to whom he turns both for friendship and political advice and are all Californians. Two of whom you know - they are SCHULTZ and CASPAR WEINBERGER - the third is called BILL FLUOR. Schultz and Weinberger are with BECHTEL, as you know is one of the biggest privately owned companies in the world. Bill Fluor's corporation is also privately owned and in the same business as Bechtel - between them they make about 50-75% of all the world's oil refineries. Reagan has made a great number of strongly pro-Israeli statements but his three closest friends are in businesses solidly locked into the Arab world. Jack Kemp, of whom I have spoken to you before continues to write the economic sections of Mr Reagan's speeches. But when the Campaign proper starts in September this is likely to be taken over by a team.



GORDON REECE

8th July 1980