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U.S. PRESIDENTIAL ELECTION

1. THE DEMOCRATIC PARTY WILL GO TO THEIR NOMINATING CONVENTION IN NEW YORK (11-14 AUGUST) IN DISARRAY. THE BILLY CARTER ENQUIRY IN THE SENATE COULD KEEP THE AFFAIR BEFORE THE PUBLIC UNTIL OCTOBER; AND IT IS LIKELY TO POINT, AT THE VERY LEAST, TO ERRORS OF PROPRIETY AND JUDGEMENT WHICH WILL ERODE THE PRESIDENT'S IMAGE OF INTEGRITY (PERHAPS HIS GREATEST ASSET) AND REINFORCE WIDESPREAD DOUBTS ABOUT THE QUALITY OF SOME OF THOSE IN HIS IMMEDIATE CIRCLE. AND THE FACT THAT THE PRESIDENT TOLERATED HIS BROTHER'S DEALINGS WITH LIBYA, OF ALL COUNTRIES, WILL INCREASE JEWISH VOTERS' DISENCHANTMENT WITH CARTER.

2. THE BILLY CARTER AFFAIR HAS GIVEN A NEW LEASE OF LIFE TO SENATOR KENNEDY'S EFFORTS TO SEEK AN QUOTE OPEN UNQUOTE CONVENTION, I.E. ONE WHERE THE DELEGATES WOULD BE RELEASED FROM THEIR OBLIGATION TO VOTE FOR THE CANDIDATE IN WHOSE NAME THEY WERE CHOSEN IN THE PRIMARIES. A RULE CHANGE OF THIS KIND, INTENDED TO DEPRIVE PRESIDENT CARTER OF HIS CURRENT SURE MAJORITY OF SOME 700 COMMITTED DELEGATE VOTES, IS BEING ACTIVELY ESPOUSED BY A GROUP OF ABOUT 30 DEMOCRATIC CONGRESSMEN, LED BY KENNEDY SUPPORTERS BUT INCLUDING A NUMBER WHO FEAR THAT CARTER WILL BE DEFEATED ON 4 NOVEMBER, DRAGGING THEM DOWN WITH HIM IN THE CONGRESSIONAL ELECTIONS ON THE SAME DAY.

3. THIS GROUP, WHICH SO FAR DOES NOT INCLUDE ANY SENIOR OR INFLUENTIAL FIGURES, HAS NO CREDIBLE ALTERNATIVE CANDIDATE. MOST SURVEYS INDICATE THAT, WHILE CARTER IS A DOUBTFUL WINNER, KENNEDY WOULD BE A CERTAIN LOSER. THE PRINCIPAL ALTERNATIVES BEING MENTIONED ARE MONDALE (WHO SHOWS NO SIGNS OF WAVERING IN HIS LOYALTY TO CARTER), MUSKIE AND SENATOR JACKSON. THE TWO LATTER HAVE SOUGHT AND FAILED TO WIN THE DEMOCRATIC NOMINATION IN THE PAST. NEITHER IS A NAME TO CONJURE WITH.

4. THE PANICKY MOOD OF SOME DEMOCRATIC MEMBERS OF CONGRESS (WHICH WAS ALSO MANIFESTED LAST MONTH IN DEMOCRATIC SENATORS' OVER-REACTION TO REPUBLICAN DEMANDS FOR AN IMMEDIATE 10 PERCENT TAX CUT) IS MATCHED BY UNUSUAL DESPONDENCY AMONG THE PRESIDENT'S OWN PEOPLE, FOR WHOM THE BILLY CARTER AFFAIR HAS COME AT WHAT WAS ALREADY A BAD TIME. THE CONTINUING DECLINE IN PUBLIC CONFIDENCE IN THE PRESIDENT'S HANDLING OF FOREIGN AND DOMESTIC AFFAIRS, ESPECIALLY THE

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ECONOMY, AND THE POSITIVE MESSAGE OF THE REPUBLICAN CONVENTION HAVE COMBINED TO GIVE REAGAN A 28 PERCENT LEAD IN THE MOST RECENT POLLS. THAT LEAD IS UNLIKELY TO HOLD (CARTER LED FORD BY 33 PERCENT THIS TIME 4 YEARS AGO AND WON THE ELECTION BY ONLY 2 PERCENT): BUT CARTER CAN LOOK FORWARD NEITHER TO AN EASY TRIUMPH AT THE CONVENTION NOR, THANKS TO THE CANDIDACY OF JOHN ANDERSON, TO A STRAIGHTFORWARD BATTLE AGAINST REAGAN IN THE AUTUMN.

5. PLEASE SEE M I F T FOR THE CONSEQUENCES OF ANDERSON'S CANDIDACY.

HENDERSON

*For JAMES HALL
NAD*

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