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AMENDED DISTRIBUTION 6 AUGUST

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TO PRIORITY FCO

TELEGRAM NO 3695 OF 5 AUGUST

INFO PRIORITY MEXICO CITY (FOR SECRETARY OF STATE'S PARTY)

INFO SAVING UKMIS NEW YORK, EC AND NATO POSTS, TRIPOLI, TEHRAN

MY TELEGRAM NO 3687 (NOT TO ALL):

**BILLY CARTER: PRESIDENT CARTER'S PRESS CONFERENCE**

1. PRESIDENT CARTER'S PERFORMANCE AT HIS PRESS CONFERENCE ON 5 AUGUST LOOKED FIRM AND CONFIDENT AND SHOULD HAVE GONE SOME WAY TO RE-ASSURE HIS SUPPORTERS, THOUGH IT WILL NOT HAVE STILLED ALL THE DOUBTS ARISING FROM THIS SORRY EPISODE.

2. THE PRESIDENT'S OWN INTEGRITY HAD NOT BEEN SERIOUSLY CHALLENGED BY ANY OF THE EVIDENCE SO FAR PRODUCED IN THE BILLY CARTER AFFAIR AND MUCH OF THE PUBLIC DRAMA HAD BEEN ARTIFICIALLY BUILT UP BY THE FEVERISH PRESS SPECULATION OF AN ELECTION YEAR. BUT WITH THE PRESS IN FULL CRY, THE WHITE HOUSE WAS FORCED INTO GIVING PIECEMEAL EXPLANATIONS, WHICH FED THE RUMOUR, UNDERMINED THE PRESIDENT'S POSITION AND ENABLED THOSE WHO WANT TO DUMP CARTER TO EXPLOIT THE FEARS OF FELLOW DEMOCRATS THAT THE PRESIDENT WAS GOING TO DRAG THEM ALL DOWN TO DEFEAT IN THE AUTUMN.

3. THE PRESIDENT FACED A RISK, BEFORE HIS PRESS CONFERENCE, THAT HE WOULD BE UNABLE TO STEM THE MOVE TOWARDS AN QUOTE OPEN CONVENTION UNQUOTE WHICH WOULD HAVE FREED HIS DELEGATES OF THEIR OBLIGATION TO VOTE FOR HIM AND ENABLED SENATOR KENNEDY OR A THIRD CANDIDATE TO OFFER A SERIOUS CHALLENGE FOR THE NOMINATION. THE PRESIDENT IS NOT YET OUT OF THE WOOD (AND WILL NOT BE UNTIL HE HAS WON THE CRUCIAL VOTE ON PARTY RULES AT THE CONVENTION ON 11 AUGUST). BUT HIS AUTHORITATIVE AND UNRUFFLED PERFORMANCE LAST NIGHT WILL HAVE GIVEN HIS OPPONENTS PAUSE, STRENGTHENED THE FAINTHEARTS IN HIS OWN RANKS AND REAFFIRMED HIS OWN POSITION AS A CLEAR FAVOURITE FOR THE DEMOCRATIC NOMINATION.

4. THE BILLY CARTER AFFAIR WILL NOT FADE AWAY, ALTHOUGH THE FULL ACCOUNT SENT TO CONGRESS BY THE PRESIDENT YESTERDAY (TEXT BY BAG) HAS ALREADY TAKEN SOME OF THE HEAT OUT OF THE SITUATION. THE CONGRESSIONAL COMMITTEE EXAMINING THE AFFAIR HAS CONFIRMED ITS INTENTION TO CONTINUE ITS INVESTIGATIONS AND MAY YET CALL ON THE PRESIDENT TO GIVE TESTIMONY. THE CONGRESSIONAL HEARINGS ALONE WILL CONSTITUTE A CONTINUING PUBLIC QUESTION MARK OVER THE PROPRIETY AND WISDOM OF THE PRESIDENT'S BEHAVIOUR. AT THE SAME

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*Weekend box  
USA  
Prime Minister  
Sir N Henderson's  
assessment of Carter's  
'Billygate' press  
conference*

*mf*

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TIME, WHILE THE PRESIDENT'S ACCOUNT OF HIS ROLE MAY REESTABLISH HIS IMAGE OF INTEGRITY IT WILL RE-AWAKEN DOUBTS ABOUT HIS JUDGEMENT, E.G. WHAT KIND OF PRESIDENT ACCEPTS HIS WIFE'S ADVICE TO USE HIS ALCOHOLIC BROTHER AS A MEANS OF INFLUENCING THE POLICIES OF AN UNRELIABLE AND HOSTILE GOVERNMENT?

5. WHILE PRESIDENT CARTER HAS BEEN ON THE ROPES, GOVERNOR REAGAN HAS BEEN QUIETLY CONSOLIDATING HIS POSITION. MR CARTER'S OVERALL APPROVAL RATING IN THE MOST RECENT POLL (21 PERCENT) IS THE LOWEST EVER RECORDED BY ANY AMERICAN PRESIDENT. CARTER TRAILS REAGAN BY 27 PERCENT IN MOST POLLS AND IS EVEN RUNNING BEHIND ANDERSON IN SOME SURVEYS. SENATOR KENNEDY IS ONE OF MANY POLITICIANS WHO HAVE (OR SHOULD HAVE) LEARNED THE MISTAKE OF UNDERESTIMATING CARTER'S ABILITY TO FIGHT BACK. THE PRESIDENT'S OWN PEOPLE ARGUE, MORE FROM DESPERATION THAN CONVICTION, THAT HE HAS HIT ROCK BOTTOM AND MUST NOW BOUNCE BACK. THE AMERICAN PUBLIC (UNLIKE THE PRESS) HAS FELT MORE SYMPATHY THAN SUSPICION THROUGHOUT THE BILLY CARTER AFFAIR AND INITIAL REACTION TO THE PRESS CONFERENCE HAS BEEN FAVOURABLE. THE PRESIDENT HAS, ONCE AGAIN, PICKED HIMSELF UP OFF THE FLOOR. BUT THE WAY HE GOT THERE HAS NOT STRENGTHENED HIS CLAIM TO BE THE MAN BEST QUALIFIED TO LEAD HIS NATION.

FCO PASS SAVING ANKARA, ATHENS, BRUSSELS, BONN, COPENHAGEN, LISBON, LUXEMBOURGH, OSLO , OTTAWA, PARIS, ROME, REYKJAVIK, THE HAGUE, UKDEL NATO, UKREP BRUSSELS, DUBLIN, TRIPOLI, TEHRAN

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[REPEATED AS REQUESTED]

[NOT ADVANCED]

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