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TELEGRAM NUMBER 4785 OF 3 DECEMBER

INFO BONN, PARIS, UKMIS NEW YORK, HMCN NEW YORK, UKDEL NATO,
MOSCOW AND PEKING

THE TRANSITION: APPOINTMENTS TO MR REAGAN'S CABINET

1. REAGAN'S FIRST CABINET APPOINTMENTS ARE LIKELY TO BE ANNOUNCED WITHIN THE NEXT FEW DAYS. RUMOURS ABOUT WHO WILL FILL WHAT SLOT HAVE HARDENED IN THE LAST 48 HOURS, BASED ON LEAKS FROM REPUBLICAN SOURCES. THE MAJOR NEWSPAPERS ARE NOW REPORTING THAT THE TOP FOUR CABINET JOBS HAVE BEEN DECIDED. MOST OF THE PAPERS BELIEVE THE LINE-UP WILL BE AS FOLLOWS:

SECRETARY OF STATE: GENERAL ALEXANDER HAIG (FORMER SACEUR)
SECRETARY OF DEFENCE: CASPAR WEINBERGER (VICE PRESIDENT OF BECHTEL CORPORATION, FORMERLY NIXON'S SECRETARY OF HEALTH EDUCATION AND WELFARE AND DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET)
SECRETARY OF THE TREASURY: WALTER B WRISTON (CHAIRMAN OF CITICORP, THE LARGEST NEW YORK BANK)
ATTORNEY-GENERAL: WILLIAM FRENCH SMITH (REAGAN'S PERSONAL ATTORNEY AND FRIEND OF LONG-STANDING). HOWEVER ALL THIS WILL REMAIN SPECULATIVE UNTIL ANNOUNCEMENTS ARE MADE.

2. GEORGE SHULTZ (WHO WAS THE FAVOURITE FOR SECRETARY OF STATE) AND WILLIAM SIMON (FAVOURITE FOR THE TREASURY) MADE IT CLEAR DURING THE LAST WEEK THAT THEY WOULD NOT ACCEPT CABINET JOBS. ALTHOUGH SHULTZ HAS CLAIMED THAT HE DID NOT WANT ANOTHER SPELL IN GOVERNMENT AND PREFERRED TO REMAIN IN HIS PRESENT JOB WITH BECHTEL, HIS DECISION APPEARS TO BE A RECENT ONE AND MAY REFLECT MUCH PUBLICISED HOSTILITY TO HIS APPOINTMENT FROM THE ISRAELI LOBBY, BECAUSE OF BECHTEL'S INVOLVEMENT IN SAUDI ARABIA. SIMON HAD EARLIER MADE LITTLE SECRET OF HIS BELIEF THAT HE WOULD GET THE TREASURY JOB AND A NUMBER OF LEADING REPUBLICANS INCLUDING SENATOR DOLE (WHO WILL BE CHAIRMAN OF THE SENATE FINANCE COMMITTEE FROM JANUARY) AND EX-PRESIDENT FORD SEEM TO HAVE COMBINED TO KNIFE HIM. SIMON IS WIDELY DISLIKED PERSONALLY AND REGARDED BY SOME AS TOO HARDLINE AND INFLEXIBLE ON POLICY. HE TOO HAS LUCRATIVE BUSINESS CONNECTIONS WITH SAUDI ARABIA AND THIS MAY HAVE BEEN ANOTHER FACTOR AGAINST HIM.

3. THE APPOINTMENT OF CABINET SECRETARIES WILL HELP TO CLARIFY THE SOMEWHAT DIFFUSE LINES OF COMMAND WITHIN THE REAGAN TRANSITION ORGANISATION AND WILL ENABLE SERIOUS HIGH LEVEL CONSIDERATION TO BE GIVEN TO THE POLICY PAPERS ON WHICH THE VARIOUS TRANSITION TEAMS ARE LABOURING. BUT THE VACUUM OF POWER IN AMERICA WILL REMAIN UNTIL 20 JANUARY: AND THE MUDDLE WHICH IS INEVITABLE WHEN SOME 4000 JOBS CHANGE HANDS MAY WELL CONTINUE FOR SOME TIME THEREAFTER.

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4. MEANWHILE A MEETING OF THE SENATE REPUBLICAN LEADERSHIP ON 2 DECEMBER FORMALLY ELECTED SENATOR HOWARD BAKER AS MAJORITY LEADER OF THE NEW SENATE WHICH WILL CONVENE IN JANUARY. NEW COMMITTEE ASSIGNMENTS AND CHAIRMANSHIPS SHOULD BE SETTLED BY THE TIME THE PRESENT CONGRESS ADJOURNS AT THE END OF THIS WEEK. BAKER'S STAFF TELL US THAT HE IS ALREADY GETTING IN HAND THE PRELIMINARY GROUND WORK TO ENABLE CONFIRMATION HEARINGS ON PRESIDENT-ELECT REAGAN'S APPOINTEES TO BE COMPLETED EXPEDITIOUSLY BY THE NEW SENATE.

HENDERSON

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