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FM WASHINGTON 090150Z DEC 80
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TELEGRAM NO 4851 OF 8 DECEMBER
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MY TELNO 4785: THE REAGAN TRANSITION: CABINET APPOINTMENTS

1. AFTER SPENDING THE LAST TWO WEEKS QUIETLY IN CALIFORNIA, PRESIDENT -ELECT REAGAN IS VISITING NEW YORK ON MONDAY AND TUESDAY AND WILL COME ON TO WASHINGTON ON WEDNESDAY FOR THE REST OF THE WEEK FOR MEETINGS WITH HIS TRANSITION TEAMS, CONGRESSIONAL LEADERS AND OTHERS.

2. SOURCES CLOSE TO REAGAN ARE REPORTED TO BE HOPING THAT HE WILL BE ABLE TO ANNOUNCE HIS FIRST BATCH OF CABINET APPOINTMENTS THIS WEEK. THE SELECTION PROCESS HAS BEEN DELAYED BOTH BY CONFLICTING POLITICAL PRESSURES BROUGHT TO BEAR FOR AND AGAINST POTENTIAL APPOINTEES (MY TELEGRAM UNDER REFERENCE); AND BY THE COMPLICATED BUSINESS OF COMPLIANCE WITH THE FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST PROVISIONS OF THE ETHICS IN GOVERNMENT ACT OF 1978 (WHICH, BESIDES IMPOSING DELAYS ON THE ANNOUNCEMENT OF APPOINTMENTS, ARE SUFFICIENTLY RIGOROUS TO ACT AS A REAL DISINCENTIVE TO ACCEPTANCE OF SENIOR GOVERNMENT OFFICE FOR SOME POTENTIAL APPOINTEES).

3. THE LATEST HICCOUGH CONCERNS HAIG'S RUMOURED APPOINTMENT AS SECRETARY OF STATE. THE WASHINGTON POST REPORTED ON 6 DECEMBER THAT SENATOR HOWARD BAKER, THE REPUBLICAN SENATE MAJORITY LEADER - DESIGNATE, HAD WARNED REAGAN'S ADVISERS THAT HAIG COULD RUN INTO TROUBLE IN HIS CONFIRMATION HEARINGS IN THE SENATE OVER HIS ROLE AS NIXON'S WHITE HOUSE CHIEF OF STAFF DURING THE WATERGATE PERIOD. THIS WAS CONFIRMED THE SAME DAY BY SENATOR ROBERT BYRD, THE CURRENT MAJORITY LEADER, WHO SAID AT HIS WEEKLY PRESS CONFERENCE THAT HAIG'S NOMINATION WOULD RECEIVE INTENSE SCRUTINY BY DEMOCRATIC SENATORS. BYRD ADDED THAT QUESTIONS ABOUT HAIG'S ROLE WERE SUFFICIENTLY SERIOUS FOR IT TO BE POSSIBLE THAT HE WOULD NOT BE CONFIRMED. UNNAMED ADVISERS TO REAGAN HAVE SINCE BEEN QUOTED AS HINTING THAT HAIG'S NOMINATION MAY NOW INDEED BE IN DOUBT. BUT RICHARD ALLEN, INTERVIEWED ON ABC'S ISSUES AND ANSWERS ON 7 DECEMBER, SOUGHT TO PLAY DOWN SUGGESTIONS THAT HAIG'S BEHAVIOUR DURING WATERGATE HAD BEEN ANYTHING BUT PROPER; AND, WHILE EMPHASISING THAT THE DECISION WAS FOR REAGAN TO MAKE, EXPRESSED HIS CONFIDENCE THAT, IF NOMINATED, HAIG WOULD BE CONFIRMED BY THE SENATE.

4. IT HAS ALSO BEEN SUGGESTED TO ME THAT THERE COULD BE SOME CONGRESSIONAL UNHAPPINESS AT THE IMPLICATIONS OF THE APPOINTMENT OF A MILITARY MAN AS SECRETARY OF STATE (THE PRECEDENT SET BY GENERAL GEORGE MARSHALL NOTWITHSTANDING).

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5. ANOTHER NAME ON REAGAN'S CABINET SHORT LIST WHOSE PROSPECTS ARE SAID TO BE WEAKENING IS WALTER WRISTON, WHO HAS BEEN STRONGLY RUMOURED TO BE REAGAN'S CHOICE FOR TREASURY SECRETARY. IT IS NOW BEING SUGGESTED THAT WRISTON'S PRESENT POSITION AS CHAIRMAN OF CITICORP COULD GIVE RISE TO CONFLICT OF INTEREST PROBLEMS FOR HIM BECAUSE OF THE BANK'S INVOLVEMENT IN IRANIAN FINANCIAL CLAIMS, THE CHRYSLER BAIL-OUT AND OTHER CONTROVERSIAL ISSUES.

6. REAGAN'S TIMETABLE FOR ANNOUNCING HIS PRINCIPAL CABINET APPOINTMENTS IS NOW AT LEAST A WEEK BEHIND SCHEDULE, THEREBY PROLONGING THE DELAY IN DEVELOPING THE FUTURE ADMINISTRATION'S POSITIONS OVER THE WHOLE RANGE OF GOVERNMENT POLICY. MEANWHILE, REPORTS BY THE TRANSITION TEAMS EXAMINING THE STRUCTURE AND PERFORMANCE OF VARIOUS GOVERNMENT DEPARTMENTS AND AGENCIES ARE BEING REGULARLY LEAKED TO THE NEW YORK TIMES, NO DOUBT AS A CONSEQUENCE OF BATTLES AMONGST RIVAL FACTIONS IN THE REAGAN CAMP.

HENDERSON

[THIS TELEGRAM WAS NOT ADVANCED]

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