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Mr J Ballard

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Mr Lee

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**US MID-TERM ELECTIONS: 2 NOVEMBER.**

1. YOU MAY FIND IT HELPFUL, AS A GUIDE TO TOMORROW'S MID-TERM ELECTIONS, TO HAVE SOME ACCOUNT OF WHAT IS - AND IS NOT - AT STAKE.

2. THE AMERICAN PRESS HAVE CHARACTERISED THE ELECTIONS AS A REFERENDUM ON MR REAGAN'S PRESIDENCY. AS SUCH THEY ARE NOT AN ESPECIALLY ACCOURATE MEASURE SINCE, ON PAST FORM, LESS THAN 40 PER CENT OF THOSE ELIGIBLE TO VOTE WILL ACTUALLY DO SO AND, IN CHOSING A NEW CONGRESS, THE ELECTORATE TRADITIONALLY TAKES ACCOUNT OF LOCAL FACTORS: SO A POPULAR CANDIDATE HAS A GOOD CHANCE OF DEFYING THE NATIONAL TREND. BUT THE MID-TERM ELECTIONS NONETHELESS ARE THE ONLY POPULAR TEST OF HOW THE PRESIDENT IS DOING AND MR REAGAN HAS BEEN FIGHTING THIS CAMPAIGN AS IF THE FUTURE OF HIS PRESIDENCY DEPENDED ON IT. HE HAS CAMPAIGNED HARD OVER THE LAST MONTH, SPENDING MUCH OF HIS TIME OUT OF WASHINGTON THOUGH, PARADOXICALLY HE HAS VISITED ONLY 13 STATES, MOSTLY IN FRIENDLY TERRITORY, NOTABLY IN THE WEST WHERE THE EFFECTS OF UNEMPLOYMENT ARE LESS MARKED AND WHERE HIS PRESENCE HAS BEEN OF POSITIVE VALUE TO REPUBLICAN CANDIDATES. BUT IT IS NOTEWORTHY THAT THE PRESIDENT HAS BEEN ASKED TO STEER CLEAR OF SOME OF THE MORE CONTENTIOUS CAMPAIGNS WHERE REPUBLICAN CANDIDATES ARE TRYING TO DISTANCE THEMSELVES FROM HIS POLICIES AND ARE RUNNING ON THEIR OWN RECORD RATHER THAN ON

HIS POLICIES AND ARE RUNNING ON THEIR OWN RECORD RATHER THAN ON MR REAGAN'S COATTAILS - A CHANGE FROM 1980 WHEN SO MANY OF THEM CLAMBERED ABOARD HIS PRESIDENTIAL BANDWAGON.

3. THERE HAS BEEN ONLY ONE ISSUE IN THIS CAMPAIGN: THE ECONOMY AND THE PRESIDENT'S POLICIES FOR DEALING WITH IT. UNDER THE SLOGAN 'STAY THE COURSE' THE PRESIDENT HAS SAID THAT THE 13 MONTHS SINCE THE IMPLEMENTATION OF HIS FIRST TAX CUT ARE TOO SHORT A PERIOD OF TIME TO ALLOW JUDGMENT TO BE PASSED. HE HAS POINTED TO THE DRAMATIC DECREASE IN INFLATION (NOW 5 PER CENT), THE DROP IN INTEREST RATES, THE BOOM ON WALL STREET AND LAST WEEK'S POSITIVE INDEX OF LEADING ECONOMIC INDICATORS AS SIGNS THAT HIS POLICIES ARE WORKING. OPINION POLLS SHOW CONTINUED PUBLIC HOPE THAT IN DUE COURSE THE ECONOMY WILL IMPROVE. THE PRESIDENT'S OWN POPULARITY HAS CREPT UP AGAIN IN THE LAST MONTH.

4. THE DEMOCRATS HAVE FOCUSSED HEAVILY ON THE RECORD LEVEL OF UNEMPLOYMENT, WHICH IS EXPECTED TO RISE STILL FURTHER, AND ON RECENT FIGURES SHOWING THAT THERE WERE MORE RECIPIENTS OF UNEMPLOYMENT CHEQUES LAST MONTH THAN EVER BEFORE. THEY POINT TO INDEPENDENT PREDICTIONS OF RECORD DEFICITS AS AN INDICATION THAT POLICIES MUST CHANGE AND HAVE RAISED THE SPECTRE THAT, INSTEAD OF FINDING FURTHER EXPENDITURE CUTS FROM THE DEFENCE PROGRAMME OR BE RAISING TAXES THE PRESIDENT WILL AGAIN TRY TO REDUCE SOCIAL PROGRAMMES INCLUDING SOCIAL SECURITY BENEFITS. THE ALLEGED REPUBLICAN THREAT TO SOCIAL SECURITY HAS DOMINATED THE LAST DAYS OF THE CAMPAIGN. MR REAGAN'S PAST PRONOUNCEMENTS ON THE ISSUE MAKE HIM VULNERABLE, PARTICULARLY AMONG THE ELDERLY TO WHOM HE WOULD NORMALLY LOOK FOR SUPPORT.

5. AGAINST THIS BACKGROUND THE POLLS SHOW A CLEAR NATIONAL SWING TO THE DEMOCRATS AND AGAINST THE REPUBLICANS (51-32 PER CENT IN THE LATEST NEW YORK TIMES SURVEY). THIS WILL UNDOUBTEDLY BE REFLECTED IN REPUBLICAN LOSSES IN TOMORROW'S ELECTION. ALL THE POLLSTERS AGREE THAT THE REPUBLICANS CAN EXPECT TO SUFFER A NET LOSS OF ABOUT HALF A DOZEN GOVERNORSHIPS, PARTICULARLY IN THE MID WEST WHICH IS AFFLICTED BY HEAVY UNEMPLOYMENT AND WHERE A NUMBER OF REPUBLICAN INCUMBENTS ARE STANDING DOWN THIS YEAR. WHERE THE POLLSTERS CANNOT AGREE IS ON THE STRENGTH OF THE ANTI-REPUBLICAN TIDE IN CONGRESS. IN THE SENATE (WHERE A THIRD OF THE SEATS ARE AT STAKE) THE DEMOCRATS WOULD HAVE TO GAIN 5 SEATS TO RETAKE CONTROL. REMEMBERING THEIR OWN SURPRISE CAPTURE OF THE SENATE IN 1980, THE REPUBLICANS ARE NERVOUS THAT A LAST MINUTE SWING TO THE

THE REPUBLICANS ARE NERVOUS THAT A LAST MINUTE SWING TO THE DEMOCRATS AMONG THE UNDECIDED VOTERS COULD TIP THE BALANCE. THERE ARE ENOUGH VULNERABLE REPUBLICAN SEATS TO MAKE THIS POSSIBLE THOUGH IT WOULD TAKE A MAJOR ROUT OF REPUBLICAN CANDIDATES FOR IT TO HAPPEN.

6. MOST ATTENTION WILL FOCUS ON THE HOUSE OF REPRESENTATIVES, ALL OF WHOSE MEMBERS ARE UP FOR RE-ELECTION, AND WHERE THE DEMOCRATS NOW HAVE A MAJORITY OF 49. THE AVERAGE POST-WAR LOSS OF SEATS FOR THE PARTY IN THE WHITE HOUSE AT THIS POINT IN A PRESIDENTIAL TERM HAS BEEN 12. IF THE DEMOCRATS WIN MORE THAN 12 SEATS THEY WILL THEREFORE CLAIM A VICTORY. IN FACT, THEY KNOW THEY MUST GET ABOVE 20 TO MAKE REAL POLITICAL IMPACT OR MUCH PRACTICAL DIFFERENCE IN TERMS OF BEING ABLE TO FORCE A CHANGE OF ECONOMIC POLICY. IF THE DEMOCRATS GAIN FEWER THAN 20 SEATS IT WILL MEAN THAT THE ELECTORATE IS STILL PREPARED TO GIVE THE PRESIDENT THE BENEFIT OF THE DOUBT. A REPUBLICAN LOSS OF BETWEEN 20 AND 30 HOUSE SEATS (THE FIGURE WHICH MOST OF THE PUNDITS HAVE OPTED FOR) WOULD BE BAD NEWS FOR THE REPUBLICANS. IT WOULD NOT, UNLESS COMBINED WITH LOSS OF THE SENATE, BE SEEN AS A DECISIVE VERDICT BUT IT WOULD INCREASE THE PRESSURES ON THE PRESIDENT TO MODERATE HIS ECONOMIC POLICIES AND MAKE IT MORE DIFFICULT FOR HIM TO CARRY THEM IN CONGRESS SHOULD HE DECLINE TO DO SO. A DEMOCRATIC GAIN OF MORE THAN 30 SEATS WOULD BE A SERIOUS BLOW TO THE REPUBLICANS IT WOULD, ON THE BASIS OF PAST ELECTION TRENDS, POINT TO REPUBLICAN LOSS OF THE PRESIDENCY IN TWO YEARS' TIME AND WOULD CALL IN QUESTION MR REAGAN'S AUTHORITY AS PRESIDENT AS WELL AS WHAT IS NOW HIS UNDISPUTED POSITION AS THE PARTY'S CANDIDATE IN 1984 SHOULD HE STILL WANT THE JOB.

7. THE POLLS CLOSE AT 8 PM LOCAL TIME ON 2 NOVEMBER, IE 1 AM LONDON TIME ON THE EAST COAST: 4 AM ON THE WEST COAST. FIRST RESULTS SHOULD COME THROUGH SHORTLY AFTER THE POLLS CLOSE ON THE EAST COAST.

WRIGHT

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