



Department of State

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TELEGRAM

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ACTION ARA 20

INFO OCT 01, CIAE 00, DODE 00, JPM 04, H 02, INR 07, L 03, NSAE 00, NSC

P 03, RSC 01, PRS 01, SS 20, USIA 12, AID 28, PC 04, RSR 01, /117

125531

R 012130Z OCT 69
FM AMEMBASSY RIO DE JANEIRO
TO SECSTATE WASHDC 1355
INFO AMEMBASSY BRASILIA
AMCONSUL RECIFE
AMCONSUL SAO PAULO
USCINCSO

C O N F I D E N T I A L RIO DE JANEIRO 8164

SUBJECT: ALBUQUERQUE LIMA OUT OF RACE

1. POLOFF SPOKE SEPT 30 WITH ALBUQUERQUE LIMA'S POLITICAL MANAGER AND BROTHER-IN-LAW, JOSE CANDIDO MOREIRA DE SOUZA. HE CONFIRMED THAT GENERAL MEDICI VERY LIKELY TO BE NEXT PRESIDENT AND STRONGLY IMPLIED THAT ALBUQUERQUE HAS WITHDRAWN FROM PRESIDENTIAL COMPETITION FOR THE TIME BEING. HOWEVER, HE EXPRESSED HIGH CONFIDENCE THAT MEDICI INCAPABLE OF GOVERNING EFFECTIVELY AND THAT CONTINUED DETERIORATION OF POLITICAL AND SOCIAL CONDITIONS WILL WITHIN SHORT TIME INEVITABLY LEAD GENERAL AFFONSO TO PRESIDENCY. HE DUBIOUS THAT ALBUQUERQUE WOULD PARTICIPATE IN MEDICI GOVERNMENT, UNLESS MEDICI WERE TO ACCEPT KEY POINTS OF AFFONSO'S PROGRAM, AND CONSIDERS SUCH UNLIKELY.

2. MOREIRA DE SOUZA CLAIMS THAT STRONG OPPOSITION OF AMERICAN BUSINESS COMMUNITY IS PRINCIPAL REASON FOR AFFONSO LOSING THIS ROUND. ALSO BLAMES ACTIONS OF "REACTIONARY" ROBERTO CAMPOS. IT EVIDENT THAT ALBUQUERQUE TEAM BOTH DEEPLY STUNG BY THIS ALLEGED OPPOSITION AND COGNIZANT OF NEED TO MAKE SOME ADJUSTMENTS TO MINIMIZE IT IN FUTURE. MOREIRA DE SOUZA EXPANDED ON ALBUQUERQUE STATEMENTS IN RECENT DAYS IN STRENUOUS EFFORT TO CONVINCE POLOFF THAT AFFONSO NEITHER ANTI-PRIVATE ENTERPRISE NOR ANTI-AMERICAN. AT SAME TIME, HOWEVER, HE INSISTS THAT INFLATION CONTROL HAS ENJOYED TOO HIGH PRIORITY AND EASING OF WAGE POLICE NECESSARY. "INTERNAT'L MILITARISM" INCONSISTENT WITH

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RAPID ECONOMIC GROWTH AND MOVES FOR SOCIAL JUSTICE, WHICH SECURITY
SITUATION DEMANDS. THERE LATENT POTENCY IN THIS APPEAL AND IT
CLEAR ALBUQUERQUE WILL BE WAITING IN WINGS FOR NEXT
OPPORTUNITY.
ELLIS

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