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INCOMING TELEGRAM Department of State

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NSA RUESBG/AMEMBASSY BOGOTA 26
BT
DOD STATE GRNC
AID
PC C O N F I D E N T I A L OCTOBER 11.
SETWO OF TWO

RSR 7. LACERDA WAS SPECIAL FACTOR IN GUANABARA, ESPECIALLY SINCE PUBLIC BELIEVED, LARGELY THANKS TO LACERDA HIMSELF, THAT THIS ELECTION COULD MEAN "GO" OR "NO GO" TO HIS PRESIDENTIAL AMBITIONS. IN FACT, LACERDA WAS MORE A CANDIDATE THAN FLEXA RIBEIRO, THROWING ALL HIS ENERGY, ORATORICAL BRILLIANCE, AND ERRATIC PERSONALITY, PLUS FULL DETAILS OF HIS FIVE-YEAR RECORD, INTO CAMPAIGN, AND OVERSHADOWING COMPLETELY HIS COLORLESS PROTEGE. LACERDA IS BY NATURE POLARIZING AGENT; IT IS NEARLY IMPOSSIBLE TO BE LUKEWARM ABOUT HIM. THUS, ANTI-LACERDA SENTIMENT,

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ALWAYS PRESENT IN GUANABARA, GREW PERCEPTIBLY DURING CAMPAIGN AS HE INCREASED HIS EXPOSURE AND LET OUT ALL STOPS OF HIS COMPLEX PERSONALITY. IN FINAL WEEKS, WITH CAMPAIGN AT FEVER PITCH AND SAMPLING POLLS SHOWING UPSURGE FOR NEGRAO. HE LOST CONTROL AND THREW SEVERAL WILD PITCHES, E.G. SAYING HE WAS PREPARED TO "BUY" STATE LEGISLATORS IF NO CANDIDATE WON ABSOLUTE MAJORITY. APART FROM DAMAGE CAUSED BY THESE INTEMPERATE STATEMENTS, THERE WERE MORE THAN FEW VOTERS WHO SAW SIMPLE EQUATION FLEXA 65 EQUALS LACERDA 66, AND VOTED AGAINST FLEXA BECAUSE THEY FEARED PROSPECT OF LACERDA AS PRESIDENT. FINALLY, LACERDA'S FULL BACKING OF HEAVY-HANDED METHODS OF TRAFFIC DIRECTOR FONTENELE AND SECURITY CHIEF BORGES COST SOME VOTES.

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8. THERE IS, HOWEVER, NO ESCAPING CONCLUSION THAT TO SOME EXTENT GUANABARA AND MINAS GERAIS VOTE REPRESENTED NEGATIVE REACTION TO SQUEEZE CB GOVERNMENT STABILIZATION POLICIES HAVE PUT ON WORKING CLASS. THIS IS NOT TO SAY THAT OTHER CLASSES HAVE FELT NO PAIN, BUT RATHER THAT LABORER IN BRAZIL HAS ALMOST NO RESOURCES WITH WHICH TO CUSHION SQUEEZE. WITH STRIKES AND OTHER MEANS EXPRESSING DISCONTENT VIRTUALLY RULED OUT, BALLOT WAS ONLY MEANS LEFT. IN ABSENCE SCIENTIFIC OPINION SAMPLING, WE CAN ONLY GUESS AT HOW MUCH OF LSD-PTB VOTE ATTRIBUTABLE THIS FACTOR, BUT IT SEEMS PRUDENT TO ASSUME

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THAT IT MEANT DIFFERENCE BETWEEN PLURALITY AND ABSOLUTE MAJORITY FOR NEGRAO. AND THE FORMER WOULD HAVE PROVIDED CB GOVERNMENT WITH A FEW ADDITIONAL OPTIONS IN WORKING TOWARDS ITS ULTIMATE OBJECTIVE OF MAINTAINING THE REVOLUTION IN BEING BEYOND 1966.

9. LESSONS FOR FUTURE CONDUCT OF CB GOVERNMENT ARE THREE. FIRST, IT MUST SEEK BROADER POLITICAL BASE THAN UDN ALONE. PSD IS OBVIOUS CHANCE BOTH SINCE IT HAS EMERGED SIGNIFICANTLY STRONGER THAN YEAR AGO, WHEN SUCCESSIVE BLOWS OF KUBITSCHEK CESSATION, GOIAS INTERVENTION AND LOSS OF CHAMBER PRESIDENCY HAD IT REELING, AND SINCE IT HAS LOST AT LEAST SOME OF PRE-REVOLUTION OLIGARCHIC FLAVOR (SEE PARAS 2 AND 3 ABOVE). BEYOND THIS, PSD WITH NO PRESIDENTIAL CANDIDATE TO CREATE COMPLICATIONS IS BY TRADITION AMENABLE TO ACCOMMODATION OF THIS KIND. MUCH, HOWEVER, WILL DEPEND ON TURN KUBITSCHEK ELEMENT IN PICTURE TAKES IN FUTURE.

TO SOME EXTENT, HOWEVER, TERMS OF REGIME'S NEW RELATIONSHIP WITH PSD MAY BE SET BY UDN, WHOSE CONTINUED SUPPORT GOVERNMENT CANNOT AFFORD TO LOSE WITHOUT CREATING NEW MAJOR POLITICAL PROBLEMS FOR ITSELF. SECOND, CB GOVERNMENT MUST FIND WAYS TO IMPROVE LIVING CONDITIONS FOR WORKING CLASS WELL IN ADVANCE OF

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1966 ELECTIONS, WHETHER THESE INVOLVE DIRECT VOTE FOR PRESIDENCY OR NOT. MOST MEANINGFUL IMPROVEMENT WOULD BE IN WAGES, PROVIDED INFLATION HELD TO MINIMUM AT SAME TIME, BUT FRINGE BENEFITS SUCH AS HOUSING, SCHOOLS, COOPERATIVES, WOULD BE GREAT HELP. THIRD, CB GOVERNMENT WILL HAVE MUCH BETTER CHANCE OF ENSURING ACCEPTABLE SUCCESSOR IF IT CAN OVERCOME RELUCTANCE TO ENGAGE IN ENERGETIC PUBLIC RELATIONS PROGRAM. SUCH PROGRAM MIGHT HAVE MADE A REAL DIFFERENCE IN THIS YEAR'S ELECTIONS, ESPECIALLY IN GUANABARA AND MINAS GERAIS, WHERE PROPERLY HANDLED IT COULD HAVE OBLIGED INCUMBENT GOVERNORS TO ABATE THEIR CRITICISM OF REVOLUTION, IF NOT ABANDON IT ALTOGETHER.

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