

# Downfall of a Visionary Shows Threat to Alliance for Progress

By John M. Goshko

Washington Post Foreign Service



Associated Press

**BELAUNDE TERRY**  
... dreams are over

LIMA, Oct. 6 — He came into the presidency of Peru five years ago, backed by an enormous fund of popular goodwill and promising a sweeping program of reform and national renovation.

In those days, when the Alliance for Progress was young and full of zest, Fernando Belaunde Terry quickly became one of the two or three chief symbols of the bright promise that the Alliance held out to Latin America's impoverished masses.

John Gunther called him "one of the most stirring as well as attractive men of the Americas." His portrait adorned the cover of Time

magazine, which dubbed him "The architect of hope."

Now, the 56-year-old Belaunde sits in the exile of a Buenos Aires hotel room—victim of a military coup that last week dumped him from office a few months before his six-year term was to end.

Behind him, his dream of a new Peru lies in wreckage. With his place in Lima's Presidential Palace occupied by a junta of generals, more than a few observers have been tempted to read Belaunde's downfall as the epitaph for the Alliance as well.

Such a judgment could be  
See PERU, A13, Col. 1

# Peruvian Coup Serves

## PERU, From A1

overly simplistic and premature. But there is no question that the story of what happened to Belaunde provides a vivid case history of why the Alliance for Progress has fallen so short of its promise.

Basically, it demonstrates that vision, goodwill and democratic sentiments are, by themselves, not enough to overcome the realities of Latin America's political and economic backwardness. In Belaunde's case, all these attributes were swamped by practical considerations that he was neither tough enough nor astute enough to overcome.

The scion of a well-to-do Lima family, Belaunde was a U.S.-educated architect with a distinguished professional reputation when he entered politics in the 1950s. Single-handedly, he created both an organization, the Popular Action Party, and a program that eventually carried him to the presidency.

### Belaunde's Plans

On paper, his ideas sounded like the ideal prescription for an ailing and underdeveloped country like Peru. There were the traditional appeals for social justice and reform of outdated, feudal institutions.

He also put forward a unique idea—the mobilizing of Peru's 12 million people in a program of self-help development projects. Central to this was Belaunde's plan to build a vast system of roads that would unlock to colonization the fertile

lands on the eastern slopes of the Andes.

Such visionary schemes gave Belaunde his reputation as one of the most dynamic figures in the new breed of Latin leadership. When hemispheric chiefs of state met with President Johnson at Punta del Este, Uruguay, in April, 1967, it was Belaunde who brought his fellow Presidents to their feet cheering as he urged Latin America to "Action . . . and Action Now."

### Down From the Summit

Ironically, the President's summit meeting marked the high point of Belaunde's career. Although he returned home amid popular acclaim, the road from Punta del Este led steadily downhill to last week's coup.

By mid-1967 appeared the first signs that he had spent too much time puttering among the scale models of his long-range development projects (all of them neatly assembled in a wing of the palace known to irreverent observers as "The Toy Room"), and not enough on the everyday politicking necessary to make these plans a reality.

In part, his problems were a result of circumstances beyond his control. Because of Peru's curious election mechanics, he was always confronted with a hostile and frequently irresponsible opposition majority in Congress that thwarted his legislative programs.

### Denied U.S. Aid

For a long time, the U.S. State Department denied Peru badly needed foreign

aid in an effort to force Belaunde to resolve a dispute with a U.S.-owned oil company — the issue that provided the pretext for last week's coup. And, after Washington dropped this tactic, a new dispute over Peruvian purchase of French supersonic jet fighters threw a new obstacle in the path of substantial U.S. financial assistance.

In the last analysis though, Belaunde's biggest problems were of his own making. As many of his closest friends point out, he wanted to be a true reformer but was prevented from this by his unbreakable ties to the establishment class from which he came.

For the battles on which real reform would depend — higher taxes on big business, breaking up the feudal estates, curbing the mili-

---

## *a Lesson to Alliance*

tary's appetite for expensive and sophisticated weaponry—Belaunde had no stomach. Even during the period of U.S. aid freeze, a situation that was made to order for whipping up nationalist sentiment, he resolutely refused to play the demagogue.

### **Blind to Economics**

Economics was another of his blind spots. To Belaunde, economic progress was measured by the number of road miles built or the number of low-cost houses constructed. Such things as balance of payments problems and budgetary deficits he excluded from his vision of what Peruvian development meant.

When he came back from Punta del Este, a combination of deficits and a drop

in export earnings were putting heavy pressure on the sol and leading Peru toward fiscal crisis. In the face of warnings that urgent preventive measures were required, Belaunde airily told his economic advisors: "The most glorious pages of our history were written when there was no money at all in Peru."

But the crash finally came with a force that cut the value of the sol abroad in half. Almost overnight, Belaunde's popularity vanished in the wave of unrest that swept a populace whose savings and earnings suddenly were worth only a fraction of their former value.

The crash seemed to paralyze Belaunde almost to the point of trauma. He retired to the solitude of the palace, virtually abdicating the

process of government to a constantly shifting parade of premiers.

Cabinets came and fell, the sol continued to fluctuate, the Popular Action Party split and the talk of a coup was heard with increasing regularity.

In recent weeks, largely because of the efforts of an able Finance Minister, Manuel Ulloa, the situation had started to improve. And Belaunde finally seemed to be coming out of his shell and reasserting some of his former dynamism.

But, the revival came too late. The army, which in Peru has an abiding mistrust of civilian leadership, seized one of the many pretexts at its disposal and in a lightning-swift, pre-dawn coup sent the president packing on a plane to Buenos Aires.

---