

Mexico

possibly the army's actions may have revived a campus rebellion that was beginning to peter out. A Chamber of Deputies commission had announced itself ready to meet the students, who were still pressing a list of demands, most notably 1) changing ill-defined antiriot laws and 2) disbanding the city's riot cops. Now, such hope for accommodation lay blasted in the plaza.

Violated Constitution. It was a classic case of overreaction. Mexico's students are neither hard-core revolutionaries of the Paris model nor U.S.-style dropouts from society. What they do have in common with students everywhere is disenchantment with the Establishment. Mexico's government is more established than most, and the all-powerful *Partido Revolucionario Institucional* suffers from the arteriosclerosis

PERU

Belaúnde Ousted

Five years ago, Peru's military leaders helped Fernando Belaúnde Terry become President, impressed by his promise of reform and a "new politics" for South America's fourth largest nation. Last week they brusquely reversed that judgment on the man who was once praised as Peru's Kennedyesque "architect of hope." Awakened, as he slept, by a burst of machine-gun fire, Belaúnde looked out of his window to find tanks outside the Presidential Palace in Lima. Some 50 Peruvian Rangers stormed into the palace and took Belaúnde into custody. Onlookers gathered as he was escorted out of the palace. "How do you like this?" Belaúnde shouted to them. "These are the trai-



ALVARADO (LEFT) SWEARING IN NEW PERUVIAN CABINET
The army gives and the army takes away.

of absolute power held too long. While proclaiming the high ideals of revolution embodied in the constitution of 1917, it has turned increasingly to the power of the army to put down revolts in the impoverished countryside and to quell demonstrations of dissent. As one student leader puts it: "The constitution has been violated more times than a Parisian streetwalker."

Until the shooting last week, most students seemed almost as anxious as their government not to spoil the scene for the Olympic summer games that open this week. The government, after crushing the demonstrators, began rounding up student leaders. On the day following *la noche triste*, the International Olympic Committee decided that the games will go on, since "we have been assured that nothing will interfere with the peaceful entry of the Olympic flame, nor with the competitions that follow." Considering the students' renewed anger, that could turn out to be a hollow guarantee.

tors of the country!" The soldiers bundled him off to the airport and a flight to Argentina and exile.

Belaúnde's fall once again raised the question of whether democracy can flourish in Latin America. Its prospects had seldom seemed more promising than when Belaúnde took over the presidency in 1963. He plunged into his tasks vowing to do "twelve years' work in six." Eager to aid Peru's impoverished peasants, he launched a whirlwind campaign to build houses, schools, rural airports and roads. The symbol of his dreams for Peru was a new highway cutting into the trans-Andean forests, each mile of roadway completed opening up 3,500 acres of land.

Progress Cost Money. Belaúnde poured money into education until, by this year, fully 25% of Peru's budget was being spent on schooling—probably the highest proportion for any country on the continent. He attempted agrarian reform and drew some 2,000,000 Peruvians, largely Indians, into Co-

operación Popular projects for village improvement. Through it all, he traveled the country tirelessly.

From the outset, though, Belaúnde was at odds with the Peruvian Congress. His *Acción Popular* party was not strong enough to outvote his opponents, the coalition of ex-Dictator Manuel Odría's upper-middle-class followers and the left-of-center American Popular Revolutionary Alliance (APRA), headed by Old Liberal Víctor Raúl Haya de la Torre. His budgets rose from \$400 million to more than \$1 billion annually, and the country's cumulative deficit grew to \$555 million. Tax dodging by the privileged was flagrant, but Belaúnde's programs were in any case beyond Peru's fiscal capacity. So he went abroad to borrow money to keep his plans afloat, until the foreign debt mounted to \$900 million.

Too Large a Role. The shadow of scandal and corruption began to fall across his government. Some officials, dubbed the "golden bureaucrats" by Belaúnde's critics, were revealed to be getting salaries as high as \$3,000 a month—stunningly generous by Peruvian standards. It was shown that a navy troopship had made no less than four trips smuggling in contraband. Then came the affair that caused the coup against him by the disgruntled armed forces. Belaúnde had rashly promised to expropriate the U.S.-owned International Petroleum Co. "the very day I am inaugurated." He did not, primarily because he did not want to antagonize Standard Oil (New Jersey), of which IPC is a subsidiary, the U.S. Government and potential foreign investors. But finally, this year, hopeful of improving his shaky political position, he did take over IPC's La Brea y Pariñas oilfield. The deal negotiated with the company was hardly the usual sort of expropriation, and Belaúnde's opponents later charged that it did not offer sizable advantage to the country. Among other things, the company—long seen by Peruvians as an ogreish exploiter—was given new mandates to expand its activities and a \$144 million tax write-off.

Now Three-Fourths. When the details of the deal were exposed, all Belaúnde's familiar opponents exploded in an outburst of nationalist indignation. So did the left wing of his own party and the army. The military leaders were furious that their counsel had not been sought in concluding a contract dealing with oil, a resource vital to the country's security. Two weeks ago, Belaúnde responded to the outcry by firing his Cabinet, making it the scapegoat for the affair. But he replaced it with one that the army considered even less competent, and the coup last week was the military's reply.

On arrival in Argentina (which, along with Bolivia, promptly offered him asylum), Belaúnde asserted that he had been ousted by a mere *cuartelezo*—a barracks revolt. The bulk of the armed forces, he believed, was not involved.

But the first communiqué issued by the junta was signed by the chiefs of all three Peruvian military services. Within hours after Belaúnde's departure, General Juan Velasco Alvarado, the 58-year-old army commander and president of Peru's Joint Chiefs of Staff, took the oath as his successor before a candle-lit crucifix in the presidential palace.

The Congress was closed, and Velasco appointed a new Cabinet consisting entirely of military men. One of its first acts was to cancel the agreement that the Belaúnde government had reached with IPC. Asked when there would be new elections, General Velasco said nothing. Once more, a Latin American army had taken over a civilian regime. The bloodless coup in Peru brought to three-fourths the proportion of people on the continent living under military rule.

THE WAR

Back on the Line

Each of its three turrets weighs as much as a destroyer. One salvo from its nine 16-in. guns carries nearly half the destructive power of a B-52 bomb load. Last week the world's only active battleship, the 59,300-ton U.S.S. *New Jersey*, with Captain Joseph Edward Snyder Jr. in command, joined a Seventh Fleet Task Force off the South Vietnamese coast. In its first action—which incidentally earned her crew combat pay for all of September—the *New Jersey* silenced four anti-aircraft positions just above the DMZ and twelve miles inland. It also pounded a bunkered storage depot that had proved impervious to air and artillery strikes.

Battleships are decidedly old-fashioned in a nuclear age, but in a limited war like the one in Viet Nam, strange or archaic weapons sometimes do the most effective job. Within the 23-mile range of the *New Jersey's* guns are 60% of the North Vietnamese targets now hit by bombers, and the ship requires no garrison to protect its perimeter. The 25-year-old *New Jersey* was brought out of mothballs once before, for the limited war in Korea, and took part in the siege of Wonsan. The ship is a veteran of the South China Sea. During World War II, it participated in strikes against the Japanese-held Indochina coast, at Saigon and Camranh Bay, and served as flagship for both Admiral William F. ("Bull") Halsey and Admiral Chester W. Nimitz. It bears the same name as the World War I battlewagon that ended up as a target ship for General Billy Mitchell's famed demonstration of air power in 1923. Today's *New Jersey* faces a potential new threat, in the form of North Vietnam's Russian-made Styx missiles, which sank the Israeli destroyer *Elath* last October. Just in case the North Vietnamese venture to use the Styx, the *New Jersey* carries its own secret countermeasures against missiles and is escorted by two missile-firing cruisers.

BRITAIN

Party Divided

The British labor unions existed long before the Labor Party. They helped create the party, continue to provide it with the bulk of its funds and its hard core of votes—and to some extent feel that they are, in fact, the party. The symbiosis works well enough when Labor is out of power and both party and unions need one another. It works less well once the party leaders don their bowler hats, pick up their dispatch cases and move into Whitehall. Then the unions naturally enough expect their reward. But the responsibilities of ruling Britain seldom enable a socialist government to do all it would like for the workingman. The result is an inevitable clash, and it has seldom been more acrimonious than it is today.

As the party assembled last week in Blackpool for its annual conference, the union men were in an angry, rebellious mood over Wilson's tough

union protests, put through a bill limiting annual wage increases to 3.5%.

The *Hard Facts*. At Blackpool, Cousins was determined to put the unions' unhappiness on record. As the first order of conference business, he introduced a motion to condemn compulsory wage and price guidelines as dampers on both trade-union activity and economic expansion and called for their immediate repeal. In answer, Chancellor of the Exchequer Roy Jenkins made brutally clear, "the hard facts of life" gave Britain little choice. In 1967, he pointed out, prices increased only 2% while wages jumped 6%. "The only trouble was that we did not earn it," he said. "Production that year went up by only about 1%."

But the delegates were clearly not willing to endure another 18 months of "ultimately rewarding" belt tightening, as Jenkins proposed. By a margin of 5 to 1, they gave resounding approval to the defiant Cousins' resolution. It was the first time that a party conference



WILSON & LABOR LADIES* CLOSING CONFERENCE WITH "AULD LANG SYNE"
Hamming it unmercifully, but hamming it like an old trouper.

wage-restraint policies. Said Frank Cousins, boss of the huge Transport and General Workers union, who quit the Cabinet 15 months ago to protest the deflationary measures: "We are almost at the stage of accepting that the workers are on one side and this government is on the other."

The discontent started soon after Britain's four-year-old monetary crisis, which has forced Wilson to undertake salvage measures that the unions claim have put an intolerable pinch on workingmen. Britain is mired in its longest period of high unemployment since World War II. Money is tight, and prices have crept upward since last November's devaluation. Britain depends heavily on imports, notably food, and the lowering of the pound's value relative to foreign currencies made imports more expensive. At the same time, to hold down the price of British goods abroad, the government, over bitter

had split with the government on a key issue since Wilson assumed the Labor leadership in 1963. The vote was thus a stinging rebuke to Wilson personally, but it will have no immediate effect on the Labor government's economic policies, because wage and price restraints are now the law. The vote will make more difficult the renewal of the measures when they expire late next year, but Wilson is committed to his policies. Some of their first optimistic returns came in last week, when the Bank of England announced a handsome \$50.4 million increase in gold and foreign-currency reserves during September.

Defending the Bastions. By the time Wilson took his turn to speak, delegates were thirsting for uplift. As the Labor vote shrank in one by-election after another, men and women with lifetimes of service lost their posts as local officials on town councils and school boards. Moreover, to many fervent socialists, Wilson's economic policies have added up to a betrayal of their lifelong principles. And yet, as head of the party, he was still the only man to

* Barbara Castle, Minister of Employment and Productivity, Minister of Education and Science Alice Bacon, Delegate Betty Lockwood, Minister for the Arts Jennie Lee.