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FOREIGN NEWS

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Welfare state's Future Is Uncertain

'New' Uruguay Faces Problems

By Joan M. Goshko

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Uruguay, Latin America's prime example of a Utopia in trouble, has turned its back on the past and decided to try change as the solution for its many problems.

This is the conclusion to be drawn from the election Sunday that saw Uruguay voters repudiate not only the party in power but also

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the system under which the country has been governed for 14 years.

While the majority of Uruguay's 2.6 million people clearly want a change, the election results also indicate that they are uncertain about the degree and direction of this change.

On the one hand, they de-

cisively ended the communal form of government that placed executive power in the hands of a nine-member council acting by majority vote. To replace the council system, which had become the symbol of weakness and indecision in dealing with national problems, they voted to establish a single presidency with greatly strengthened executive powers.

On the other hand, they

chose as the first incumbent of the new office Oscar Gestido, a 65-year-old former air force general and governmental administrator, who was viewed by most Uruguayans as the candidate of his party's more conservative wing.

Although there were many factors involved in Gestido's election, one apparently was a desire to brake the move toward change with a lead-

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Problems of Change Confront Uruguay

er generally thought to be more cautious and slow-moving than most of the other presidential candidates.

As a result, some observers have concluded that what the Uruguayans really want is to undergo the surgery of reform without suffering any of its pain and internal transformation.

Still, it is easy to understand the reluctance of Uruguayans to break completely with the past. For the very things that have brought Uruguay to its present state of crisis are also the things that made it one of the world's most unusual and pleasant little countries.

A Nebraska-sized nation wedged between Brazil and Argentina, Uruguay long has been known as the most Democratic and tranquil place in Latin America. It is also the area's foremost welfare state—one whose residents long have been accustomed to such things as free education through college and early retirement on full pay.

All this was fine as long as the country could pay for it. For the past decade, however, the wool, meat and hides upon which Uruguay's prosperity were founded have run up against falling prices and shrinking markets.

The result has been an attempt to continue the lavish welfare statism—and the huge government bureaucracy spawned by it—without sufficient means for paying the bill. And this, in turn, has led to a round of deficit financing, inflation, labor unrest and encroaching national insolvency.

By last year, the situation had grown so bad that the normally lethargic Council was forced to institute severe austerity measures. Rammed through at the cost of hardship to much of the population, they did check the trend and pull the country back a little from the edge of financial disaster.

Most outside observers agree the recovery process cannot be continued without

a further and even more drastic tightening of the belt. This means a continued hold-down of wage increases despite increasing unrest in labor ranks and, eventually, some heavy paring of the government's welfare state obligations.

This is the situation that will confront Gestido when he begins his 5-year presidency next March 1. And the big question is whether he will meet it with the full weight of the presidency's expanded powers or shrink back from obviously unpopular decisions.

Many here are frankly pessimistic about the answer. Underlying their attitude is the fact that Gestido's victory was due largely to his alliances with many of the old-line party bosses of the Colorado Party, whose machines brought out the vote and which now will show an understandable reluctance for reforms that curtail patronage and antagonize voters.

The skeptics also view Gestido as a father figure-type who campaigned largely on a platform of platitudes about honesty and integrity in government, but who has yet to offer a comprehensive program. In this, they contrast him with his closest challenger within the Colorado Party, Jorge Batlle, a youthful progressive who built his campaign on a call for hard work and austerity.

Still, there are those who argue that Gestido must be given a chance to prove himself. They point out that the tendency to tag him as conservative is misleading since his party, the Colorado, is to the left of center in a Uruguayan political context and that he is not a rightist of the stripe of Martin Echegoyen, who topped the vote among pres-

idential candidates in the losing party, the Blanco.

Actually, when all factors are taken into consideration, Gestido emerges an unknown quantity more than anything else. Although most of his adult life was spent in the air force, his credentials for the presidency are based on his more recent career, which includes being the administrator of the national railways and airlines and a rather undistinguished Colorado member of the Council.

As to the future, Gestido so far has given no indication of what his general policy line will be. He has expressed himself as squarely

behind a strong presidency and has indicated that his government will attempt to embrace all factions of the Colorado Party—a statement interpreted by some as presaging a prominent role for the Batlle wing.

Eventually, both Gestido and the voters who elected him will have to face the decisions testing whether Uruguay can continue its tradition of solving its problems through peaceful, democratic means or whether it is heading for the same road that sent its two giant neighbors, Argentina and Brazil, careening into military-backed dictatorship.



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