Current Class:

Current Handling: n/a

Document Number: 1993LIMA01411

Page:

Channel: n/a

RELEASED IN FULL

PAGE 01 LIMA 01411 01 OF 08 052119Z

ACTION ARA-01

INFO LOG-00 ACDA-17 AID-01 C-01 OASY-00 EAP-01 EB-01 HA-09 INRE-00 INR-01 H - 0.1TNM-02 IO-19 LAB - 04 L-03ADS-00 NSAE-00 OIC-02 OMB-01 PA-01 PM-02 PRS-01 P - 01SR-00 SS-00 SIL-00 SNP-00 SP-00

STR-17 T-01 DTC-01 RPE-01 /089W

-----98E00F 052119Z /38

P 052209Z FEB 93 FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5626

INFO AMEMBASSY CARACAS

AMEMBASSY BOGOTA

AMEMBASSY QUITO AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

DEAHQS WASHDC

USIA WASHDC 7558

TRSYDEPT WASHDC

SECDEF WASHDC .

DIA WASHDC

ONDCP WASHDC

NSC WASHDC

CIA WASHDC

USCINCSO QUARRY HEIGHTS PM

AMEMBASSY TOKYO

COPY FROM THE COLLECTION OF THE NATIONAL SECURITY ARCHIVE

PAGE 02

01 OF 08 LIMA 01411 052119Z SECTION 01 OF 08 LIMA 01411

USIA FOR AR SOUTHCOM ALSO FOR POLAD

E.O. 12356:

DECL: OADR

TAGS:

PREL, PGOV, EAID, MASS, PHUM, US, PE

SUBJECT:

HOW LONG CAN FUJIMORI KEEP THE

BALLS IN THE AIR?

- ENTIRE TEXT.

Current Class:

Page: 1

UNITED STATES DEPARTMENT OF STATE REVIEW AUTHORITY: OSCAR J. OLSON DATE/CASE ID: 21 AUG 2001 200003853

Current Class: Current Handling: n/a

Document Number: 1993LIMA01411

Page: 2

Channel: n/a

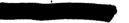
SUMMARY: CAN FUJIMORI PULL IT OFF? CAN HE CONTINUE TO BE PERU'S MOST POPULAR POLITICIAN WHILE DRASTICALLY CHANGING THE POLITICAL AND ECONOMIC LANDSCAPE AND AVOID SERIOUS CHALLENGE TO HIS RULE? HIS GOAL IS NOTHING LESS THAN REPAIRING THE DAMAGES DONE BY 30 YEARS OF MISGUIDED POLICY AND CREATING A VIBRANT, STABLE, AND SAFE SOCIETY. THE KEY FACTORS IN 1993 ARE THE MILITARY, THE ECONOMY, AND INTERNATIONAL SUPPORT; THE PRESIDENT FACES REAL OR POTENTIAL PROBLEMS IN ALL THREE. THE HUMAN RIGHTS AND DEMOCRACY ISSUES WILL INFLUENCE PERU'S ACCESS TO FOREIGN AID AND ECONOMIC REINSERTION, AND ULTIMATELY RENEWED ECONOMIC GROWTH. FUJIMORI'S STAYING POWER DEPENDS UPON HIS POPULARITY, BASED IN TURN UPON EXPECTATIONS THAT HE WILL TURN AROUND THE ECONOMY, AND ON THE PERCEIVED LACK OF A CREDIBLE ALTERNATIVE TO THE PRESIDENT. TWO FACTORS HAVE PROTECTED HIM AGAINST A COUP.



LIMA 01411 01 OF 08 HIS GREATEST "ALLIES" IN PERUVIAN SOCIETY ARE THE DISCREDITED GROUPS THAT CREATED TODAY'S MESS AND HAVE FAILED TO OFFER A CREDIBLE ALTERNATIVE NOW. THE PUBLIC RECOGNIZES THIS AND -- SO FAR -- PREFERS FUJIMORI'S VISION.

WHILE NO SINGLE ISSUE IS UNSURMOUNTABLE, FUJIMORI HAS OPENED MANY FRONTS SIMULTANEOUSLY. ISOLATED BY CHOICE, GOVERNING THROUGH OPINION POLLS AND THE INTELLIGENCE SERVICE, THE PRESIDENT SOMETIMES HAS SHOWN BAD JUDGMENT, E.G. IN HANDLING THE ARMY. UNLIKE PRESIDENT GARCIA, HE HAS NO PARTY TO SHARE THE HEAT, NO TABOO AGAINST A COUP. HIS POPULARITY, WHILE HIGH, COMES FROM A POLITICALLY FICKLE POPULACE. EFFECTIVE AS FUJIMORI IS, HE HAS LITTLE ROOM FOR ERROR, ESPECIALLY IF HE SEEKS REELECTION IN MUCH WILL DEPEND UPON THE USG'S AND OTHER DONOR COUNTRIES' ATTITUDE TOWARDS THE 1993 SUPPORT GROUP. OUR LEVERAGE IS LESS THAN MEETS THE EYE; PULLING THE PLUG ON FUJIMORI WOULD NOT REPEAT NOT HASTEN A RETURN TO DEMOCRACY, AND FUJIMORI KNOWS IT. ON THE OTHER HAND, THE USG AND OTHER DONORS CAN GET FROM FUJIMORI CONCESSIONS THAT IN THE LONG RUN CAN STRENGTHEN

Current Class:



Current Class:

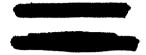
Current Handling: n/a

Document Number: 1993LIMA01411

Page: 3

Channel: n/a

DEMOCRATIC INSTITUTIONS AND AND IMPROVE HUMAN RIGHTS. PERU NEEDS, AND THE INTERNATIONAL COMMUNITY CAN HELP PROVIDE, BRAKES ON ABSOLUTE PRESIDENTIAL POWER THAT ARREST BAD POLICIES AND CHANNEL GOOD POLICIES INTO LONGTERM BENEFITS. END SUMMARY.



PAGE 04

LIMA 01411 01 OF 08 052119Z

FROM "EL CHINITO" TO "EL SHOGUN"

4. BOTH AUTOCRATIC AND POPULAR, PRESIDENT FUJIMORI IS GIVING PERU'S POLITICAL AND ECONOMIC INSTITUTIONS A DRASTIC OVERHAUL. THE PROCESS MOVES BY FITS AND STARTS, THE PRODUCT OF FUJIMORI'S INTUITION AND AUTHORITARIAN STYLE RATHER THAN A FIVE YEAR PLAN. ACCORDING TO FUJIMORI, THE GOAL IS A MORE HONEST AND EFFICIENT SOCIETY IN WHICH MERIT, COMPETITION,

NNNN

PAGE 01 LIMA 01411 02 OF 08

ACTION ARA-01

INFO	LOG-00 HA-09 L-03 PRS-01 STR-17	ACDA-17 H-01 ADS-00 P-01 T-01	AID-01 INM-02 NSAE-00 SIL-00 DTC-01	C-01 INRE-00 OIC-02 SNP-00 RPE-01	OASY-00 INR-01 OMB-01 SP-00 /089W	EAP-01 IO-19 PA-01 SR-00	EB-01 LAB-04 PM-02 SS-00
	STR-I/	1-01	DIC-OT	KLE-OT	/ V0 J N		

-----98E02F 052120Z /38

P 052209Z FEB 93 FM AMEMBASSY LIMA TO SECSTATE WASHDC PRIORITY 5627 INFO AMEMBASSY CARACAS AMEMBASSY BOGOTA AMEMBASSY QUITO AMEMBASSY LA PAZ AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

Current Class:

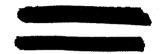
Current Class: Current Handling: n/a

Document Number: 1993LIMA01411

Page: 4

Channel: n/a

DEAHQS WASHDC
USIA WASHDC 7559
TRSYDEPT WASHDC
SECDEF WASHDC
DIA WASHDC
ONDCP WASHDC
NSC WASHDC
CIA WASHDC
USCINCSO QUARRY HEIGHTS PM
AMEMBASSY TOKYO



PAGE 02

LIMA 01411 02 OF 08 052120Z SECTION 02 OF 08 LIMA 01411

USIA FOR AR SOUTHCOM ALSO FOR POLAD

E.O. 12356: DECL: OADR TAGS: PREL, PGOV, EAID, MASS, PHUM, US, PE HOW LONG CAN FUJIMORI KEEP THE SUBJECT: AND PROFIT-AND-LOSS, DISPLACE A CORRUPT AND INBRED POLITICAL AND BUSINESS CLASS. THE PRESIDENT'S MODEL IS NOT JUST A REJECTION OF ALAN GARCIA'S ADMINISTRATION; IT GOES AGAINST THE LAST 100 YEARS OF REPUBLICAN GOVERNMENT. FUJIMORI SAYS THIS WILL BE A MORE DEMOCRATIC SYSTEM, AND THE VOTERS HAVE AGREED; SOME OF HIS EX-ADVISERS, HOWEVER, SAY HIS MODEL IS INSTEAD THAT OF THE "ASIAN TIGERS," AND THAT THE PRESIDENT MAY NEVER LET GO OF POWER. IS HARD TO IMAGINE HOW HIS REFORMS WOULD LAST WITHOUT FUJIMORI AS THE GREAT HELMSMAN. GOP, FOR EXAMPLE, IS PROBABLY MORE SUSCEPTIBLE THAN SENDERO TO BEING DECAPITATED.) OBSERVERS ASSUME THAT FUJIMORI WILL SEEK RE-ELECTION IN 1995 (CHANGING THE CONSTITUTION TO DO SO) IN ORDER TO PROTECT AND ADVANCE HIS REFORMS.

5. UNPRECEDENTED POWER IS WHAT FUJIMORI CONSOLIDATED THROUGH THE APRIL 1992 COUP. WHILE THE PERUVIAN CONSTITUTIONAL TRADITION LEANS TOWARD A STRONG EXECUTIVE, NOT SINCE THE

Current Class:

Current Class: n/a
Current Handling: n/a
Document Number: 1993LIMA01411

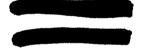
Page: 5

Channel: n/a



PAGE 03 LIMA 01411 02 OF 08 052120Z DICTATOR LEGUIA (1919-30; ALSO FREELY ELECTED AT THE BEGINNING) HAS A PERUVIAN PRESIDENT CONCENTRATED SO MUCH POWER IN HIS PERSON:

- -- CONGRESS: FUJIMORI DISSOLVED CONGRESS AND REMOVED ITS PRESIDENT (SAN ROMAN) FROM THE CONSTITUTIONAL LINE OF SUCCESSION. FUJIMORI RULED BY DECREE LAW TILL DEC. 30, 1992. THE NEW CONGRESS (CCD) CONTAINS A MAJORITY OF FUJIMORI SUPPORTERS PICKED IN FREE ELECTIONS ON NOV. 22, 1992. FUJIMORI'S MAJORITY AND A MORE "EFFICIENT" CONGRESS STRUCTURE MEANS THE CCD HAS LESS ABILITY TO PERFORM LEGISLATIVE WATCHDOG FUNCTIONS.
- -- THE COURTS: FUJIMORI BEGAN AFTER THE COUP BY RESTRUCTURING THE SUPREME COURT AND THE LESSER SUPERIOR COURTS, AS WELL AS THE GOVERNMENT PROSECUTORS. INDEPENDENT OBSERVERS BELIEVE THAT THE GREAT MAJORITY OF THOSE FIRED WERE CORRUPT. IT REMAINS TO BE SEEN IF THOSE LEFT IN PLACE ARE LESS CORRUPT; THEY ARE, HOWEVER, VERY CONSCIOUS OF THE FACT THAT THEIR JOBS DEPEND ON FUJIMORI.
- -- OTHER BODIES: THE PRESIDENT ELIMINATED THE CONSTITUTIONAL GUARANTEES TRIBUNAL, AN APRA-CONTROLLED BODY WHICH HAD SERVED AS THE LAST COURT OF APPEAL ON CONSTITUTIONAL ISSUES. FUJIMORI PICKED HIS OWN COMPTROLLER, AND HE REPLACED MEMBERS OF THE NATIONAL ELECTIONS TRIBUNAL. (THE CCD APPROVED THE COMPTROLLER,



PAGE 04 LIMA 01411 02 OF 08 052120Z AND IS TO APPROVE OTHER AGENCY HEADS PICKED BY FUJIMORI.) HE REPLACED HEADS OF THE REGIONAL GOVERNMENTS, AND SUSPENDED REGIONAL LEGISLATURES.

-- MILITARY AND POLICE: THE ARMY IS THE ULTIMATE ARBITER OF POWER. FUJIMORI USED EXISTING AND NEW AUTHORITY TO RESERVE THE KEY SLOTS FOR TRUSTED OFFICERS. IN THE CASE OF THE ARMY, FUJIMORI'S CURTAILMENT OF THE EXISTING

Current Class: (



Current Class:

Current Handling: n/a

Document Number: 1993LIMA01411

Page: 6

Channel: n/a

SYSTEM (IN WHICH THE ARMY PICKED ITS LEADERS) LED TO RESENTMENT CULMINATING IN THE NOV.12-13

COUP PLOTTING.

LACK OF ALTERNATIVES A FURTHER BOOST

NOR DOES FUJIMORI FACE MANY CREDIBLE

NNNN

LIMA 01411 03 OF 08 PAGE 01

ACTION ARA-01

INFO LOG-00 ACDA-17 AID-01 C-01 OASY-00 EAP-01 EB-01 HA-09 H-01 INM-02 INRE-00 INR-01 IO-19 LAB-04 L-03 ADS-00 NSAE-00 OIC-02 OMB-01 PA-01 PM-02 PRS-01 P-01 SIL-00 SNP-00 SP-00 SR-00 SS-00 STR-17 T-01 DTC-01 RPE-01 /089W

-------98E07A 052123Z /38

P 052209Z FEB 93

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5628

INFO AMEMBASSY CARACAS

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

DEAHOS WASHDC

USIA WASHDC 7560

TRSYDEPT WASHDC

SECDEF WASHDC

DIA WASHDC

ONDCP WASHDC

NSC WASHDC

CIA WASHDC

USCINCSO QUARRY HEIGHTS PM

AMEMBASSY TOKYO

Current Class:

Page: 6

Current Class:

Current Handling: n/a

Document Number: 1993LIMA01411

Page: 7

Channel: n/a

PAGE 02

LIMA 01411 03 OF 08 052123Z SECTION 03 OF 08 LIMA 01411

USIA FOR AR SOUTHCOM ALSO FOR POLAD

E.O. 12356: DECL: OADR

TAGS: PREL, PGOV, EAID, MASS, PHUM, US, PE SUBJECT: HOW LONG CAN FUJIMORI KEEP THE CHALLENGES. THE TRADITIONAL POLITICAL PARTIES REMAIN DISCREDITED AND WEAK. FUJIMORI ADROITLY DIVIDED THEM, WITH SOME ELECTING TO PARTICIPATE IN THE CCD AND OTHERS AWAITING A DEUS EX MACHINA. A RUMORED POLITICAL PARTIES LAW WOULD ENFORCE INTERNAL DEMOCRACY IN THE PARTIES, FURTHER DISRUPTING THE PARTIES IN THE NEAR THE PRIVATE SECTOR, WHILE OFTEN CRITICIZING THE DETAILS OF THE ECONOMIC PROGRAM. BY AND LARGE SUPPORTS FUJIMORI'S NEOLIBERAL POLICIES: BUSINESSMEN HAVE LITTLE REGARD FOR THE TRADITIONAL POLITICAL PARTIES. ORGANIZED LABOR GROWS WEAKER BY THE YEAR. WITH SOME EXCEPTIONS. THE MEDIA (ESPECIALLY TELEVISION AND RADIO) SUPPORT THE GOVERNMENT THAT DECIDES LICENSES AND OFFICIAL ADVERTISING -- AND WHICH HAS USED THE COURTS TO PURSUE CRITICS SUCH AS "CARETAS" PUBLISHER ZILERI. EVEN THE SENDERO GUERRILLAS HAVE LOST STRENGTH SINCE THE 1992 CAPTURE OF ABIMAEL GUZMAN; WHILE THE WAR STILL CONSUMES RESOURCES AND HURTS INVESTMENT, MOST PERUVIANS NOW ARE CONFIDENT THAT SL WILL LOSE EVENTUALLY.



PAGE 03 LIMA 01411 03 OF,08 052123Z
7. IF FUJIMORI HAS ANYTHING IN COMMON WITH ALAN
GARCIA, IT IS HIS BELIEF THAT HIS POPULARITY
GIVES HIM A UNIQUE ABILITY TO LEAD THE MASSES.
AFTER THE APRIL 1992 COUP, FUJIMORI PLANNED
BRIEFLY TO GOVERN THROUGH PERIODIC REFERENDUMS
RATHER THAN A CONGRESS. FUJIMORI'S APPROVAL
RATING IS ABOVE 60 PERCENT, FAR HIGHER THAN HIS
PREDECESSORS' AT THE TWO AND A HALF YEAR MARK.
AS THE CCD AND MUNICIPAL ELECTIONS DEMONSTRATED,
HOWEVER, THAT POPULARITY IS FUJIMORI'S AND
CANNOT EASILY BE TRANSFERRED TO HIS CANDIDATES.
FURTHERMORE, THE PERUVIAN POPULACE IS RATHER

Current Class:

Current Class: Current Handling: n/a

Document Number: 1993LIMA01411

Page: 8

Channel: n/a

FICKLE: IT HAS GONE THROUGH DEEP INFATUATIONS AND DISAPPOINTMENTS IN THE PAST 30 YEARS WITH BELAUNDE OF ACCION POPULAR, A LEFTIST AND THEN A RIGHTIST MILITARY REGIME, BELAUNDE AGAIN, AND THEN ALAN GARCIA'S APRA, NOT TO MENTION FLIRTATIONS WITH BARRANTES ON THE LEFT AND VARGAS LLOSA ON THE RIGHT. NONE OF THOSE REGIMES ENJOYED HIGH POPULAR SUPPORT AFTER 4 TO 5 YEARS IN OFFICE.

8. UNLIKE PRESIDENT GARCIA, FUJIMORI FACES NO THREAT FROM THE BUREAUCRACY OR HIS PARTY. HIS COUNCIL OF MINISTERS IS A FAIRLY LACKLUSTER GROUP, ESPECIALLY AFTER WITH FINANCE MINISTER BOLONA'S DEPARTURE, WHOSE MEMBERS HAVE NO INDEPENDENT SOURCE OF POWER, AND WHO CANNOT TALK BACK TO THE PRESIDENT. THE REAL CALCULUS IS DONE BY THE PRESIDENT, HIS BROTHER SANTIAGO, AND VLADIMIRO MONTESINOS, THE DE FACTO NATIONAL

PAGE 04 LIMA 01411 03 OF 08 INTELLIGENCE SERVICE (SIN) CHIEF. FEEDBACK COMES MORE FROM OPINION POLLS AND THE SIN THAN OTHER INSTANCES OF GOVERNMENT. THE WHOLESALE FIRINGS OF BUREAUCRATS AT SEVERAL MINISTRIES (INCLUDING ONE FIFTH OF THE FOREIGN SERVICE). WHILE ECONOMICALLY MOTIVATED, UNDERSCORE THE NEED FOR LOYALTY TO THE PRESIDENT. THERE IS NO NEW MAJORITY-CAMBIO 90 PERSON WHO CAN TAKE ON THE PRESIDENT, AND THE PRESIDENT RELISHES OPPORTUNITIES TO SHOW THAT HE, NOT HIS PARTY, CALLS THE SHOTS. THE FLIP SIDE, OF COURSE, IS THAT FUJIMORI WILL HAVE NO ONE TO HELP HIM SHARE THE HEAT. (BY CONTRAST, ALAN GARCIA HAD TO NEGOTIATE WITH APRA, CONGRESS, THE PRIVATE SECTOR, AND THE MILITARY. APRA TURNED DOWN HIS 1986 REQUEST TO ALLOW HIS RE-ELECTION; APRA FORCED GARCIA TO GIVE POSITIONS TO HIS PARTY RIVALS; THE APRA-CONTROLLED SENATE AND SUPREME

NNNN

Current Class:

Current Class:

Current Handling: n/a

Document Number: 1993LIMA01411

Page: 9

Channel: n/a

PAGE 01 LIMA 01411 04 OF 08 052128Z

ACTION ARA-01

INFO LOG-00 ACDA-17 AID-01 C-01 OASY-00 EAP-01 EB-01 INM-02 INRE-00 INR-01 HA-09 H-01 IO-19 LAB-04 L-03ADS-00 NSAE-00 OIC-02 OMB-01 PA-01 PM-02 SIL-00 SNP-00 PRS-01 P-01 SP-00 SR-00 SS-00

-----98E0F6 052128Z /38

STR-17 T-01 DTC-01 RPE-01 /089W

P 052209Z FEB 93

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5629

INFO AMEMBASSY CARACAS

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

DEAHQS WASHDC

USIA WASHDC 7561

TRSYDEPT WASHDC

SECDEF WASHDC

DIA WASHDC

ONDCP WASHDC

NSC WASHDC

CIA WASHDC

USCINCSO QUARRY HEIGHTS PM

AMEMBASSY TOKYO

PAGE 02

LIMA 04 OF 08 01411 052128Z L SECTION 04 OF 08 LIMA 01411

USIA FOR AR

SOUTHCOM ALSO FOR POLAD

E.O. 12356: DECL: OADR

TAGS:

PREL, PGOV, EAID, MASS, PHUM, US, PE

SUBJECT:

HOW LONG CAN FUJIMORI KEEP THE

COURT RULED AGAINST HIM IN 1987 ON THE BANK NATIONALIZATIONS; AND THE ARMY HAD TO BE

RESTRAINED BY THE USG FROM CARRYING OUT A COUP

IN 1988-89. THE CULTURE OF CORRUPTION IN

PRE-1990 POLITICS ALSO ALLOWED ALMOST ANYONE

WITH ENOUGH MONEY, INCLUDING SOME GOVERNMENT

Current Class:

Page: 9

Current Class:
Current Handling: n/a
Document Number: 1993LIMA01411

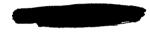
Page: 10

Channel: n/a

OPPONENTS, TO BUY INFLUENCE.)

SO, WHERE'S THE CATCH? START WITH THE ECONOMY

9. THERE ARE FOUR INTERRELATED CHALLENGES TO FUJIMORI. THE FIRST IS THE ECONOMY. FUJIMORI'S NEOLIBERAL ECONOMIC POLICIES REQUIRED MASSIVE SACRIFICES. UNDEREMPLOYMENT AND UNEMPLOYMENT HAVE GROWN, AS HAVE ESTIMATES OF EXTREME POVERTY AND MALNUTRITION. FUJIMORI REMAINED POPULAR, HOWEVER, SINCE HE GAVE PERUVIANS WHAT THEY WANTED ABOVE ALL ELSE -- A SENSE OF ORDER -- AND HOPE THAT THE ECONOMY WOULD IMPROVE. HE ALSO OFFERED VOTERS A VICARIOUS WAY TO GET EVEN WITH THOSE WHO HAD ABUSED THEIR PRIVILEGES (POLICE, POLITICIANS, JUDGES, THE UPPER CLASS). THERE



PAGE 03 LIMA 01411 04 OF 08 052128Z IS ANECDOTAL EVIDENCE THAT EVEN POOR PERUVIANS WHO WERE ECONOMICALLY BETTER OFF UNDER GARCIA SUPPORTED FUJIMORI BECAUSE HE OFFERED AUTHORITY AND HOPE. INDEED, GONE IS THE MAELSTROM OF INFLATION, MASSIVE CORRUPTION, AND BREAKDOWN IN LAW AND ORDER THAT MARKED THE LATTER HALF OF GARCIA'S TERM. SL FOUNDER GUZMAN AND OTHER SL LEADERS ARE IN JAIL, AND SL HAS LOST SOME OF ITS POWER TO INTIMIDATE.

10. NOW THAT THERE IS MORE ORDER, HOWEVER, WHEN WILL THE ECONOMY TURN AROUND? OR AS ONE CARTOONIST NOTED, HOW MUCH LONGER CAN FUJIMORI CAMPAIGN AGAINST ALAN GARCIA? A CAMBIO 90 STAFFER TOLD US FUJIMORI PLANNED TO USE POLITICAL THEATER (E.G. THE ALAN GARCIA EXTRADITION) AND OCCASIONAL HANDOUTS TO DISTRACT PEOPLE. WITHOUT UNDERSTATING THE PERUVIANS' CAPACITY FOR HARDSHIP, WE HAVE BEEN STRUCK BY HOW MANY LOWER AND MIDDLE INCOME PERUVIANS HAVE PRECARIOUS FINANCES; LIVING OFF SALES OF PERSONAL ITEMS AND SECOND JOBS, GOING FROM ONE TEMPORARY JOB TO THE NEXT, AND ENTERING A CROWDED INFORMAL ECONOMY. WE ASSUME THERE ARE SOME LIMITS ON HOW MUCH LONGER PERUVIANS CAN WITHSTAND A RECESSION.

Current Class:

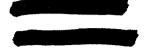
Current Class: Current Handling: n/a

Document Number: 1993LIMA01411

Page: 11

Channel: n/a

11. FUJIMORI CONGRESSMEN TELL US THAT VOTERS ARE STARTING TO LOBBY CONGRESS FOR RELIEF. PRIVATE SECTOR MEMBERS, WHILE PROFESSING SUPPORT FOR AUSTERITY, ARE SAYING THE GOP IS "TOO RIGID"



PAGE 04 LIMA 01411 04 OF 08 052128Z · IN APPLYING STRICT MONETARY AND FISCAL DISCIPLINE. CAN SUCH DISCONTENT EXPRESS ITSELF MORE FORCEFULLY? NOT FOR NOW, ALTHOUGH THERE ARE A FEW STRAWS IN THE WIND. THERE ARE RUMORS THAT ARMED FORCES PRESSURE WILL LEAD FUJIMORI TO INCREASE MILITARY SALARIES WITH A 150 MILLION DOLLAR BUDGET ITEM. ACCORDING TO CCD MEMBERS. THE NEW CONGRESS PLANS TO REVIEW THE GOP'S 1993 BUDGET, AND HAS ALREADY RECEIVED ENOUGH PETITIONS FOR MORE SOCIAL SPENDING THAT IT WILL CONSIDER A SUPPLEMENTARY BUDGET. IN FUJIMORI'S FAVOR, HOWEVER, IS THAT THERE IS NO BROAD-BASED OPPOSITION GROUP THAT CAN CHALLENGE HIM ON THE ECONOMY. WORKING AGAINST FUJIMORI, IS THAT HE IS MORE DEPENDENT ON PUBLIC OPINION POLLS THAT OTHER PRESIDENTS: WITH SO MANY ENEMIES AND NO MORE TABOO ON COUPS, HIS POPULARITY IS HIS GOVERNMENT'S PRINCIPAL LINE OF DEFENSE.

NNNN

PAGE 01 LIMA 01411 05 OF 08 052129Z ACTION ARA-01

INFO	LOG-00	ACDA-17	AID-01	C-01	OASY-00	EAP-01	EB-01
	HA-09	H-01	INM-02	INRE-00	INR-01	IO-19	LAB-04
	L-03	ADS-00	NSAE-00	OIC-02	OMB-01	PA-01	PM-02
	PRS-01	P-01	SIL-00	SNP-00	SP-00	SR-00	SS-00
	STR-17	P-01 T-01	DTC-01	RPE-01	/089W	5K-00	55-00

-----98E114 052129Z /38

P 052209Z FEB 93 FM AMEMBASSY LIMA TO SECSTATE WASHDC PRIORITY 5630 INFO AMEMBASSY CARACAS AMEMBASSY BOGOTA AMEMBASSY QUITO

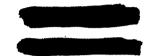
Current Class:

Current Class:
Current Handling: n/a
Document Number: 1993LIMA01411

Page: 12

Channel: n/a

AMEMBASSY LA PAZ
AMEMBASSY SANTIAGO
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
DEAHQS WASHDC
USIA WASHDC 7562
TRSYDEPT WASHDC
SECDEF WASHDC
ONDCP WASHDC
ONDCP WASHDC
NSC WASHDC
USCINCSO QUARRY HEIGHTS PM
AMEMBASSY TOKYO



PAGE 02

LIMA 01411 05 OF 08 052129Z SECTION 05 OF 08 LIMA 01411

USIA FOR AR SOUTHCOM ALSO FOR POLAD

E.O. 12356: DECL: OADR

PREL, PGOV, EAID, MASS, PHUM, US, PE TAGS: SUBJECT: HOW LONG CAN FUJIMORI KEEP THE 12. FUJIMORI'S OPTIONS ARE LIMITED. EXPECTATIONS TO SEE THE RESULTS OF 30 MONTHS OF ECONOMIC ADJUSTMENT ARE HIGH AND GROWING. BUT ONLY MODEST GROWTH (3.0 TO 3.5 PERCENT) APPEARS LIKELY IN 1993. THE 1993 BUDGET INCLUDES A SEVERALFOLD INCREASE IN SPENDING ON INFRASTRUCTURE AND SOCIAL NEEDS. FUJIMORI WAS NOT ABLE TO FULFILL EARLIER PROMISES TO BOOST SOCIAL SPENDING UNTIL LATE 1992, HOWEVER, DUE TO POOR MANAGEMENT OF GOP SOCIAL PROGRAMS. IT IS QUESTIONABLE WHETHER THE AMBITIOUS 1993 GOALS CAN BE MET. MORE IMPORTANTLY, THE GOP HAS NOT TRULY STABILIZED THE ECONOMY. INFLATION HAS BEEN CREEPING UP IN RECENT MONTHS AND THE JANUARY JUMP OF 4.8 PERCENT WSA THE HIGHEST SINCE MARCH 1992. THE GOP FACES TOUGH CHOICES. TIGHTENING FISCAL AND MONETARY POLICIES TO CURB INFLATION RISKS A FURTHER DECLINE IN THE ECONOMY, WHILE EFFORTS TO SPUR GROWTH COULD JEOPARDIZE PERU'S RAPPROCHEMENT WITH THE INTERNATIONAL FINANCIAL COMMUNITY, AND WITH IT

Current Class:

Current Class: (

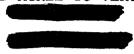
Current Handling: n/a

Document Number: 1993LIMA01411

Page: 13

Channel: n/a

INCREASED PRIVATE INVESTMENT. EVEN IF DONORS CONTINUE ASSISTANCE AND AGREE TO VERY GENEROUS



PAGE 03 LIMA 01411 05 OF 08 052129Z TERMS AT PERU'S NEXT PARIS CLUB RESCHEDULING, THERE IS NO GUARANTEE ECONOMIC PROSPECTS WILL IMPROVE ENOUGH IN 1993 TO MAINTAIN FUJIMORI'S POPULAR SUPPORT.

INTERNATIONAL SUPPORT

13. THE ATTITUDE OF THE DONOR COMMUNITY IS CRITICAL TO FUJIMORI'S ECONOMIC PROGRAM. IMF HAS IDENTIFIED A 410 MILLION DOLLAR FINANCING GAP FOR PERU IN 1993, WHICH PERU HOPES THE EUROPEANS WILL FILL. FOR THE 1993 SUPPORT GROUP, THE USG HAS PLEDGED 105 MILLION DOLLARS, AND JAPAN 100 MILLION DOLLARS, LEAVING A GAP OF 205 MILLION DOLLARS. THE APRIL 1992 COUP LED TO THE SUSPENSION OF SOME 130 MILLION DOLLARS IN U.S. OFFICIAL ASSISTANCE (WHICH INCLUDES THE FUNDS PLEDGED BY THE U.S. FOR 1993), PLUS AN ESTIMATED 100 MILLION DOLLARS PLUS IN SUSPENDED ASSISTANCE FROM OTHER DONORS. WESTERN EUROPEAN DONORS IN PARTICULAR APPEAR UNWILLING TO RENEW ASSISTANCE UNTIL FUJIMORI SHOWS MORE IMPROVEMENT IN HUMAN RIGHTS AND DEMOCRACY.

14. FUJIMORI'S MAY 1992 AGREEMENT TO HOLD ELECTIONS FOR A NEW CONGRESS, IN RETURN FOR APPROVAL OF SOME 320 MILLION DOLLARS IN IDB AND JAPANESE ASSISTANCE AND AN OAS "CHOP" ON THE ELECTIONS, SHOWED HE COULD BE FLEXIBLE ON SOME MATTERS -- BUT NOT ON THE CENTRAL ISSUE OF

PAGE 04 LIMA 01411 05 OF 08 052129Z WHETHER PERU SHOULD HAVE A GUIDED DEMOCRACY. IF PUSH HAD COME TO SHOVE, FUJIMORI MIGHT HAVE MADE A FEW MORE CONCESSIONS, BUT WE BELIEVE HE WOULD HAVE SACRIFICED INTERNATIONAL SUPPORT BEFORE UNDOING MEASURES HE FELT WERE ESSENTIAL POLITICAL REFORMS. PULLING THE FINANCIAL PLUG

Current Class:

Current Class: Current Handling: 17a

Document Number: 1993LIMA01411

Page: 14

Channel: n/a

ON THE GOP WOULD NOT, IN OUR OPINION, HASTEN PERU'S RETURN TO DEMOCRACY; RATHER, IT WOULD PROBABLY BRING ABOUT A SUCCESSION OF WEAK CIVIL-MILITARY GOVERNMENTS THAT WOULD UNDERMINE HOPES FOR DEMOCRATIC RULE. DONOR COUNTRIES MIGHT, HOWEVER, BE ABLE TO PRESS FUJIMORI ON ESTABLISHING INDEPENDENT COURTS, REDUCING HARASSMENT OF POLITICAL OPPONENTS, PERMITTING THE CCD SOME MARGIN OF INDEPENDENCE, AND ESTABLISHING FAIR CONDITIONS FOR THE 1995 ELECTIONS. SUCH MEASURES WOULD, IN THE CONTEXT OF GENERAL ELECTIONS IN 1995, PERMIT SOME



NNNN



PAGE 01 LIMA 01411 06 OF 08 052134Z ACTION ARA-01

INFO	LOG-00	ACDA-17	AID-01	C-01	OASY-00	EAP-01	EB-01
	HA-09	H-01	INM-02	INRE-00	INR-01	10-19	LAB-04
	L-03	ADS-00	NSAE-00	OIC-02	OMB-01	PA-01	PM-02
	PRS-01	P-01	SIL-00	SNP-00	SP-00	SR-00	SS-00
	STR-17	T-01	DTC-01	RPE-01	/089W		

-----98E169 052135Z /38

P 052209Z FEB 93

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5631

INFO AMEMBASSY CARACAS

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

DEAHQS WASHDC

USIA WASHDC 7563

TRSYDEPT WASHDC

SECDEF WASHDC

DIA WASHDC

ONDCP WASHDC

NSC WASHDC

CIA WASHDC

USCINCSO QUARRY HEIGHTS PM

AMEMBASSY TOKYO

Current Class:

Current Class:

Current Handling: n/a

Document Number: 1993LIMA01411

Page: 15

Channel: n/a

CONFIDENTIAL .

CONFIDENTIAL

PAGE 02

LIMA 01411 06 OF 08 052134Z SECTION 06 OF 08 LIMA 01411

USIA FOR AR SOUTHCOM ALSO FOR POLAD

E.O. 12356: DECL: OADR

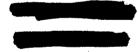
TAGS:

PREL, PGOV, EAID, MASS, PHUM, US, PE SUBJECT:

HOW LONG CAN FUJIMORI KEEP THE RESTORATION OF THE CHECKS AND BALANCES THAT ARE NOW ABSENT, WHILE RETAINING SOME OF THE POSITIVE FEATURES OF FUJIMORI'S REFORMS (SUCH AS REDUCING CORRUPTION, IMPROVING STATE EFFICIENCY, AND CLEANING UP THE COURT SYSTEM). ON HUMAN RIGHTS, THERE ARE A NUMBER OF MEASURES THAT THE GOP COULD TAKE TO IMPROVE THE SITUATION AT RELATIVELY LOW COST, SUCH AS REDUCING SELECTIVE EXECUTIONS AND DISAPPEARANCES, AND RENEWING ICRC ACCESS (SEPTEL). OTHERS, SUCH AS TRYING MILITARY AND INTELLIGENCE OFFICIALS FOR ABUSES, OR MAKING THE MILITARY COURT SYSTEM MORE EQUITABLE, ARE NOT IMPOSSIBLE BUT WOULD COMPLICATE FURTHER FUJIMORI'S RELATIONS WITH THE ARMED FORCES.

THE LINE JUDGE OF PERUVIAN POLITICS

15. FUJIMORI ASSERTED CONTROL OVER THE ARMED FORCES LIKE NO OTHER PRESIDENT HAD DONE. PERVASIVE CORRUPTION AND INSTITUTIONAL DEFICIENCIES IN THE ARMED FORCES GAVE FUJIMORI



PAGE 03 LIMA 01411 06 OF 08 052134Z MUCH LEVERAGE; THE PRESIDENT'S SUCCESSES AGAINST SENDERO ALSO GAVE HIM SOME COVER. PLAYING THE SERVICES OFF EACH OTHER, AND THEN DOING THE SAME WITH INTRA-SERVICE CLIQUES, PLAYING THE ANTI-CORRUPTION CARD, HE HAS BROKEN INSTITUTIONAL PREROGATIVES AND PLACED MONTESINOS' TRUSTED OFFICERS IN THE KEY MILITARY POSITIONS. THE BEST EXAMPLE IS THE ARMY, WHICH

Current Class:

Current Class:
Current Handling: n/a
Document Number: 1993LIMA01411

Page: 16

Channel: n/a

MAKES OR BREAKS ANY COUP ATTEMPT. WORKING THROUGH NATIONAL INTELLIGENCE SERVICE (SIN) ADVISER VLADIMIRO MONTESINOS, FUJIMORI KICKED OUT SOME OF THE ARMY'S BEST SENIOR OFFICERS TO MAKE ROOM FOR MORE PLIABLE LEADERS. EXAMPLES OF MONTESINOS SHILLS ARE DEFENSE MINISTER GEN. MALCA, INTERIOR MINISTER GEN. BRIONES, ARMY COMMANDER HERMOSA, AND THE COMMANDERS OF THE SECOND MILITARY REGION AND LIMA'S 18TH ARMORED AND SPECIAL FORCES DIVISIONS. AFTER APRIL 1992, FUJIMORI ISSUED A DECREE LAW TO PERMIT HIM TO REMOVE NUMEROUS OFFICERS BELOW THE RANK OF GENERAL, APPARENTLY TO FURTHER INCREASE HIS INFLUENCE.

16. FUJIMORI'S UNPRECEDENTED INVOLVEMENT IN ARMY PROMOTIONS AND ASSIGNMENTS LED TO THE NOV. 12-13 COUP PLOTTING AFFAIR. THE COUP PLOTTERS, WHO HAD CONSIDERABLE SYMPATHY, WERE ALSO REACTING TO LOW SALARIES, BUT THEIR BASIC COMPLAINT WAS THE ARMY'S INSTITUTIONAL AUTONOMY, PERSONALIZED BY RINGLEADER GEN. SALINAS' REMOVAL. THE PROMINENT ROLE OF MONTESINOS, WHO

PAGE 04 LIMA 01411 06 OF 08 052134Z HAD BEEN REMOVED FROM THE ARMY IN THE 1970S UNDER SUSPICION OF WORKING FOR FOREIGN INTELLIGENCE SERVICES, WAS ESPECIALLY GALLING. FUJIMORI'S TREATMENT OF THE PLOTTERS -- CREDIBLE CLAIMS OF TORTURE, DETENTION IN A COMMON JAIL, JUDICIAL MANIPULATION -- HURT THE GOP'S REPUTATION MORE. MANY OFFICERS APPARENTLY CHOSE TO BLAME PROBLEMS ON GEN. HERMOSA AND MONTESINOS; ONE OFFICER SYMPATHETIC TO THE COUP PLOTTERS TOLD US HE AND OTHER OFFICERS STILL SUPPORT FUJIMORI, AND STILL REJECT THE TRADITIONAL POLITICAL PARTIES. MEANWHILE, ARMY OFFICERS TELL US THEY ARE AFRAID TO VOICE ADDITIONAL CRITICISMS, SINCE THEY NO LONGER KNOW WHO IN THE ARMY IS COLLABORATING WITH THE SIN.

17. WITH THE ARMY LED BY LOYALISTS, AND AN ENERGETIC SIN LISTENING FOR DISCONTENT, IT IS

Current Class:

Current Class:

Current Handling: n/a

Document Number: 1993LIMA01411

Page: 17

Channel: n/a

NNNN

PAGE 01 LIMA 01411 07 OF 08 052136Z

ACTION ARA-01

OASY-00 EAP-01 INFO LOG-00 ACDA-17 AID-01 C-01 EB-01 HA-09 H-01 INM-02 INRE-00 INR-01 10-19 LAB-04 L-03 ADS-00 NSAE-00 OIC-02 OMB-01 PA-01 PM-02 SIL-00 SNP-00 SP-00 SR-00 SS-00 PRS-01 P-01

STR-17 T-01 DTC-01 RPE-01 /089W -----98E183 052136Z /38

P 052209Z FEB 93

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5632

INFO AMEMBASSY CARACAS

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

DEAHOS WASHDC

USIA WASHDC 7564

TRSYDEPT WASHDC

SECDEF WASHDC

DIA WASHDC

ONDCP WASHDC

NSC WASHDC

CIA WASHDC

USCINCSO QUARRY HEIGHTS PM

AMEMBASSY TOKYO

PAGE 02

LIMA 01411 07 OF 08 · 052136Z SECTION 07 OF 08 LIMA 01411

USIA FOR AR

SOUTHCOM ALSO FOR POLAD

E.O. 12356: DECL: OADR

TAGS: PREL, PGOV, EAID, MASS, PHUM, US, PE

SUBJECT: HOW LONG CAN FUJIMORI KEEP THE LESS LIKELY THAT THERE WILL BE A SUCCESSFUL

COUP. THERE ARE, HOWEVER, SEVERAL OTHER

Current Class:

Page: 17

Current Class: Current Handling: n/a

Document Number: 1993LIMA01411

Page: 18

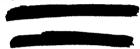
Channel: n/a

POSSIBILITIES INVOLVING SMALL GROUPS OF SOLDIERS: ANOTHER QUIXOTIC COUP PLOT; A MUTINY IN A BASE; OR EVEN AN ASSASSINATION ATTEMPT AGAINST THE PRESIDENT OR (MORE LIKELY) GEN. HERMOSA OR MONTESINOS. ANY OF THESE EVENTS WOULD HURT FUJIMORI POLITICALLY.

18. OVER THE LONGER TERM, FUJIMORI'S MAIN LINE OF DEFENSE AGAINST A COUP REMAINS HIS HIGH POPULARITY; THE LACK OF A CREDIBLE ALTERNATIVE (EITHER WITHIN THE MILITARY OR ONE OF THE POLTICAL PARTIES); AND INTERNATIONAL PRESSURE. (SOME PERUVIANS, HOWEVER, BELIEVE THAT SINCE OTHER GOVERNMENTS GAVE FUJIMORI A CHANCE AFTER HIS COUP, THEY WOULD DO THE SAME FOR A REGIME THAT LAUNCHED A SUCCESSFUL COUNTERCOUP.)

THE ALTERNATIVES TO FUJIMORI

19. THE TRADITIONAL POLITICAL PARTIES HAVE NOT



LIMA 01411 07 OF 08 PAGE 03 YET ASSIMILATED THE LESSONS OF THEIR 1990 DEFEAT. WE SEE LITTLE EFFORT TO DEMOCRATIZE, TO BRING IN NEW LEADERS (ALTHOUGH APRA HAS DONE SO AT THE LOWER LEVEL), OR TO REACH OUT TO ALIENATED VOTERS. SOME ANTI-FUJIMORI POLITICIANS HOPE FOR A COUP (E.G. MAXIMO SAN ROMAN, ALBERTO BOREA, PERHAPS EX-PRESIDENT BELAUNDE), GAMBLING -- WE BELIEVE INCORRECTLY --THAT THE MILITARY WOULD THEN WITHDRAW IN FAVOR OF THE DISCREDITED POLITICAL PARTIES. POLITICIANS WHO HAVE ELECTED TO PARTICIPATE IN THE CCD HOPE TO ASSERT SOME INDEPENDENCE IN THAT BODY (INCLUDING SOME IN THE PRESIDENT'S OWN PARTY). OTHER POLITICIANS PIN THEIR HOPES ON FUJIMORI'S GRADUAL LOSS OF POPULARITY. INDEED, DURING THE MUNICIPAL ELECTION CAMPAIGN, MANY PERSONS TOLD US THEY SUPPORTED FUJIMORI, BUT WOULD VOTE FOR FUJIMORI'S OPPONENT LUIS CACERES THE REASON: FUJIMORI NEEDS FOR LIMA MAYOR. THE RESULTS OF THE JAN. 29 SOME RESTRAINT. MUNICIPAL ELECTIONS, IN ANY CASE, SUGGEST THAT ANY LOSS IN FUJIMORI'S SUPPORT COULD WELL GO TO OTHER POPULIST INDEPENDENTS SUCH AS RICARDO

Current Class:

Current Class: CONFIDENTIAL

Current Handling: n/a

Document Number: 1993LIMA01411

Page: 19

Channel: n/a

BELMONT OR CACERES, AND NOT NECESSARILY TO THE OLD PARTIES.

CONCLUSION

20. FUJIMORI IS PLAYING IN SEVERAL TIMEFRAMES: THE PERIOD FOR CONSOLIDATING HIS STRUCTURAL



PAGE 04 LIMA 01411 07 OF 08 052136Z REFORMS, WHICH GOES BEYOND 1995; THE PERIOD LEADING UP TO THE 1995 ELECTIONS; AND THE IMMEDIATE FUTURE, IN WHICH FUJIMORI MUST DEAL WITH REAL AND POTENTIAL CHALLENGES BY DONOR COUNTRIES, THE ECONOMY, AND THE MILITARY. TIME MAY NOT BE ON HIS SIDE. HIS ISOLATION, WHILE KEY TO HIS STYLE, MAY ALSO LIMIT HIM. HIS OPPONENTS REMAIN DIVIDED AND WITHOUT CREDIBILITY, HOWEVER, LEAVING THE ECONOMY AND INTERNATIONAL SUPPORT AS THE KEY VARIABLES FOR NOW.

21. GIVEN FUJIMORI'S POSITION, OUR ECONOMIC SUPPORT AND INFLUENCE IN THE IFIS CLEARLY HAS POTENTIAL TO BE USED AS LEVERAGE ON DEMOCRACY AND HUMAN RIGHTS. IT DOES, HOWEVER, HAVE LIMITS. FUJIMORI'S INSTINCTS ARE PRAGMATIC, BUT HE IS QUITE UNLIKELY TO STEP BACK FROM HIS

NNNN

PAGE 01 LIMA 01411 08 OF 08 0521362 ACTION ARA-01

INFO	LOG-00	ACDA-17	AID-01	C-01	OASY-00	EAP-01	EB-01
	HA-09	H-01	INM-02	INRE-00	INR-01	IO-19	LAB-04
	L-03	ADS-00	NSAE-00	OIC-02	OMB-01	PA-01	PM-02
	PRS-01	P-01	SIL-00	SNP-00	SP-00	SR-00	SS-00
	PRS-UI	D-01	21TI-00	DDF 01	/00 OW	5K-00	55 00

STR-17 T-01 DTC-01 RPE-01 /089W · ...---98E194 052137Z /38

P 052209Z FEB 93 FM AMEMBASSY LIMA

Current Class:

Page: 19

Current Class:

: <u>18.00 - 19.00 - 19.00</u>

Current Handling: n/a
Document Number: 1993LIMA01411

Page: 20

Channel: n/a

TO SECSTATE WASHDC PRIORITY 5633

INFO AMEMBASSY CARACAS

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

DEAHOS WASHDC

USIA WASHDC 7565

TRSYDEPT WASHDC

SECDEF WASHDC

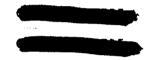
DIA WASHDC

ONDCP WASHDC

NSC WASHDC

CIA WASHDC
USCINCSO QUARRY HEIGHTS PM

AMEMBASSY TOKYO



PAGE 02

LIMA 01411 08 OF 08 052136Z SECTION 08 OF 08 LIMA 01411

USIA FOR AR SOUTHCOM ALSO FOR POLAD

E.O. 12356: DEG

DECL: OADR

E.O. 12336: DECL: OADR

TAGS: PREL, PGOV, EAID, MASS, PHUM, US, PE HOW LONG CAN FUJIMORI KEEP THE CLEANSING OF THE POLITICAL SYSTEM; HE WILL NOT AGREE TO RESTORE THE PRE-COUP PROCESS. ENDING OR SHARPLY REDUCING OUR ASSISTANCE, BOTH DIRECT AND INDIRECT, WOULD MOST LIKELY INCREASE INSTABILITY AND LEAD TO A PERIOD OF DIRECT MILITARY RULE, AND POSTPONE EVEN FURTHER A RETURN TO DEMOCRATIC RULE. WHAT THE USG AND OTHER DONOR COUNTRIES CAN OBTAIN ARE CONDITIONS THAT IN THE LONG RUN COULD WELL QUICKEN PERU'S RETURN TO DEMOCRACY AND MAKE IT MORE RESILIENT. THE TASK AT HAND IS TO INTRODUCE INTO PERUVIAN POLITICS BRAKES ON FUJIMORI'S PRESIDENTIAL POWERS TO SERVE AS BARRIERS TO HIS WORST

BRAYSHAW##

Current Class:

INSTINCTS AND AS CHANNELS FOR HIS BEST.

Page: 20