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RELEASED IN FULL

Case Number: 200102877

PTQ5770

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ACTION SS-00INFO LOG-00 SAS-00 /000W  
-----98EF93 311603Z /38O 311602Z OCT 00  
FM AMEMBASSY LIMA  
TO SECSTATE WASHDC IMMEDIATE 7134  
INFO AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CARACAS  
AMEMBASSY LA PAZ  
AMEMBASSY MADRID  
AMEMBASSY OTTAWA  
AMEMBASSY PANAMA  
AMEMBASSY QUITO  
AMEMBASSY SANTIAGO  
USCINCSO MIAMI FL

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EXDIS

DECAPTIONED

USCINCSO PLEASE HANDLE AS SPECAT

E.O. 12958: DECI: 10/30/10  
TAGS: PGOV, PREL, PE  
SUBJECT: PERU'S CONTINUING SAGA IN PERSPECTIVEPAGE 02 LIMA 06472 01 OF 03 311603Z  
REF: LIMA 5708

1. (U) THIS CABLE CONTINUES AN EFFORT, BEGUN WITH REPTTEL, TO STEP BACK FROM DAILY EVENTS TO PUT PERU'S TURBULENT POLITICS INTO PERSPECTIVE. WE CONTINUE WITH THE FORMAT OF AN ISSUES-BASED APPROACH.

2. (U) CLASSIFIED BY AMBASSADOR JOHN R. HAMILTON, AMERICAN EMBASSY LIMA. REASON: 1.5 (D).

3. (S) SUMMARY: FUJIMORI'S BREAK WITH MONTESINOS IS DEFINITIVE AND HE IS MOVING METHODICALLY, IF CAREFULLY, TO

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DISMANTLE MONTESINOS' INFRASTRUCTURE OF INFLUENCE, MOST NOTABLY IN THE MILITARY. PARADOXICALLY, THESE POSITIVE DEVELOPMENTS MIGHT NOT/HAVE HAPPENED IF MONTESINOS HAD STAYED IN PANAMA. THE CRISIS-A-DAY PACE OF EVENTS, HOWEVER, COMBINED WITH MONTESINOS STILL BEING AT-LARGE AND THE OPPOSITION'S RELENTLESS DEPICTION OF THE FUJIMORI GOVERNMENT AS ILLEGITIMATE, HAVE CREATED A PERCEPTION OF PERU UNRAVELING THEY HAVE ALSO TAKEN THEIR TOLL ON PUBLIC SUPPORT FOR FUJIMORI, BUT IS MAKING HIS COLLABORATION WITH THE MODERATE OPPOSITION A MUST. ACTUALLY, THE PROGRESS ACHIEVED ON DEMOCRATIZATION/NEW ELECTIONS IN JUST SIX WEEKS IS IMPRESSIVE AND, WITH THE GOVERNMENT CEDING TO THE OPPOSITION ON THE AMNESTY ISSUE, RAPID PROGRESS ON DEMOCRATIZATION SHOULD BE ACHIEVABLE. END SUMMARY.

4. (S) FUJIMORI'S BREAK WITH MONTESINOS: FOR REAL OR SHOW?

IT IS FOR REAL. MONTESINOS' INSUBORDINATION AND ACT OF

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 SUPREME DISLOYALTY IN RETURNING FROM PANAMA PROMPTED THE BREAK (HIS RETURN HAS HAD THE BENEFICIAL POLITICAL IMPACT OF "ANOTHER VIDEO," IN THE VIEW OF ONE OBSERVER). THE ARGUMENT THAT THE BREAK IS NOT REAL RESTS ON THE SPECTACLE OF FUJIMORI PERSONALLY CONDUCTING THE SEARCH OPERATIONS IN THE MIDST OF AN ARMY OF JOURNALISTS. ACCORDING TO THIS LOGIC, FUJIMORI IS DELIBERATELY CREATING A JUSTIFICATION FOR MONTESINOS BEING GRANTED ASYLUM SOMEWHERE. BUT IN FIRING PERU'S IMMIGRATION DIRECTOR, A MONTESINOS CRONY, FUJIMORI IS TAKING STEPS TO BLOCK MONTESINOS' FLIGHT. AND IN CHANGING THE MILITARY HIGH COMMAND, SACKING THE TITULAR SIN CHIEF AND RELIEVING OTHER SENIOR MILITARY OFFICIALS, FUJIMORI IS MOVING METHODICALLY TO DISMANTLE MONTESINOS' STRUCTURE OF INFLUENCE. UNCERTAINTY CONCERNING FUJIMORI'S END GAME DOES REMAIN, ALTHOUGH WE SEE LITTLE ALTERNATIVE TO DETENTION AND TRIAL OF MONTESINOS. IF MONTESINOS SHOULD ESCAPE ABROAD, FUJIMORI'S CREDIBILITY WOULD GREATLY SUFFER.

5. (S) CHANGES IN THE MILITARY: SOME FOOTNOTES

OUR HUNCH IS THAT FUJIMORI WAS REALLY CONCERNED ONLY ABOUT THE LOYALTY OF ARMY CHIEF VILLANUEVA BUT MADE A CLEAN SWEEP OF ALL THREE SERVICE CHIEFS IN ORDER TO GIVE VILLANUEVA RESPECTABLE COMPANY AND KEEP THE PARTING CIVIL. WE DOUBT THAT ANY DEAL

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WITH VILLANUEVA WAS CUT BUT, IN CHOOSING TO NAME GENERAL CHACON, A FELLOW CLASS OF 1966 GRADUATE WITH MONTESINOS AND VILLANUEVA, AS ARMY CHIEF, HE MAY HAVE MADE HIS OWN CALCULATED GUESS AS TO HOW FAR HE COULD PRUDENTLY GO. IT IS EQUALLY POSSIBLE THAT FUJIMORI CONCLUDED THAT CHACON'S TIES TO MONTESINOS WERE NOT STRONG AND THAT HE IS A SOLID,

[REDACTED]

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PROFESSIONAL OFFICER. OUR OWN IMPRESSION OF CHACON IS FAVORABLE.

6. (S) ANOTHER FOOTNOTE CONCERNS WHY FUJIMORI FIRED SECOND REGION MILITARY CHIEF CUBAS, AS PUJIMORI HAD INSISTED TO THE AMBASSADOR FOUR DAYS BEFORE THAT HE HAD FULL CONFIDENCE IN CUBAS. EITHER FUJIMORI LEARNED SOMETHING IN THE INTERIM TO SHAKE HIS CONFIDENCE OR HE FELT THAT, GIVEN THAT CUBAS IS MONTESINOS' BROTHER-IN-LAW, HE COULD NOT ACHIEVE THE APPEARANCE OF CLEANING HOUSE IF CUBAS STAYED.

7. (S) SO WHERE IS MONTESINOS?  
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HE APPEARS STILL TO BE IN THE LIMA AREA, IN CONTACT WITH SUPPORTERS. TWO OF THEM, FOLLOWING CALLS FROM MONTESINOS, CONTACTED EMBASSY AND WASHINGTON OFFICIALS TO PROBE FOR ANY

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INFO LOG-00 SAS-00 /000W  
-----98EPA4 311604Z /38

O 311602Z OCT 00  
FM AMEMBASSY LIMA  
TO SECSTATE WASHDC IMMEDIATE 7135  
INFO AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CARACAS  
AMEMBASSY LA PAZ  
AMEMBASSY MADRID  
AMEMBASSY OTTAWA

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AMEMBASSY PANAMA  
 AMEMBASSY QUITO  
 AMEMBASSY SANTIAGO  
 USCINCSO MIAMI FL

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 GIVE IN OUR OWN CUTTING OF TIES. (THERE IS NONE.) IN A CALL  
 TO ANOTHER ALLY, WHICH WE LEARNED ABOUT ALSO THROUGH NORMAL  
 CONTACTS, MONTESINOS WAS SEEKING TO GET IN TOUCH WITH A  
 MULTINATIONAL FIRM IN HOPES OF USING ITS INTERNATIONAL  
 CONTACTS TO EXPLORE VISA POSSIBILITIES. THE PORTRAIT THAT  
 EMERGES IS OF A FUGITIVE RUNNING OUT OF OPTIONS.

8. (S) HOW STRONG IS FUJIMORI? HOW LIKELY TO SERVE UNTIL NEXT  
 JULY 28?

FUJIMORI IS SURVIVING AND WINNING HIS SHOWDOWN WITH  
 MONTESINOS. HE IS, IN THAT SENSE, STRONGER THAN TWO WEEKS AGO  
 AND, OUT OF NECESSITY, HE IS NOW WORKING EFFECTIVELY WITH THE  
 MODERATE OPPOSITION. ON THE OTHER HAND, HIS PUBLIC SUPPORT IS  
 SIGNIFICANTLY DIMINISHED. OPPOSITION LEADER ALEJANDRO TOLEDO  
 IS CONTINUALLY AND EFFECTIVELY DEPICTING HIS GOVERNMENT AS  
 ILLEGITIMATE. ADD TO TOLEDO'S VOICE THAT OF PERU'S WIDELY  
 RESPECTED HUMAN RIGHTS OMBUDSMAN (BUT SOON TO BE PRESIDENTIAL  
 CANDIDATE) JORGE SANTISTEBAN. FINALLY, THE MILITARILY  
 INSIGNIFICANT MUTINY OF LTCOL HUMALA HAS ADDED A NEW  
 INGREDIENT OF FUJIMORI DISCREDITED. FUJIMORI THUS HAS A  
 PROBLEM THAT HE HAS NOT YET RESOLVED: HOW TO TURN PROGRESS ON  
 DEMOCRATIZATION INTO SOMETHING OTHER THAN A CONFIRMATION OF  
 EVERY CRITIC'S CONDEMNATION OF HIS GOVERNMENT. STILL, UNLESS  
 THE MONTESINOS SAGA ENDS BADLY (E.G., FLIGHT ABROAD; CREDIBLE  
 REVELATIONS BY MONTESINOS OF PAST FUJIMORI MISCONDUCT), THE  
 PRESIDENT SHOULD SURVIVE.

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9. (S) HUMALA'S UPRISING: HOW IMPORTANT?  
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THE OCTOBER 29 MUTINY OF LT. COLONEL HUMALA IN A REMOTE AREA OF SOUTHERN PERU IS MILITARILY INSIGNIFICANT. BUT IT HAS OCCURRED IN AN ATMOSPHERE OF GOVERNMENTAL ILLEGITIMACY THAT THE RADICAL OPPOSITION HAS ASSIDUOUSLY FOSTERED AND ITS PSYCHOLOGICAL IMPACT -- THE SENSE THAT THINGS ARE UNRAVELING -- COULD BE MAJOR. FOR ONE THING, HUMALA IS BEING LIONIZED BY AN OPPOSITION THAT, PROBABLY RIGHTLY, BELIEVES THE VOTING PUBLIC VIEWS HIS PROTEST SYMPATHETICALLY. FOR ANOTHER, THE UPRISING FLIES IN THE FACE OF ONE OF THE CONVENTIONAL WISDOMS ABOUT THE PERUVIAN ARMY -- THAT ITS "VERTICALITY" (DISCIPLINE IN THE RANKS) ENSURED STABILITY AS LONG AS THE TOP COMMANDERS SUPPORT THE PRESIDENT. WHAT THE UPRISING SHOWS IS THAT THE NORMAL RULES OF APOLITICAL CONDUCT IN MILITARY RANKS NO LONGE NECESSARILY APPLY.

10. (S) STATE OF PLAY IN OAS DEMOCRATIZATION?  
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THE OAS PROCESS HAS MADE A SURPRISING AMOUNT OF PROGRESS IN JUST SIX WEEKS. THIS PROGRESS IS THE MORE REMARKABLE CONSIDERING THE OPPOSITION'S FRAGMENTATION AND COMPETING AMBITIONS, INFIGHTING WITHIN THE GOVERNMENT, AND THE FACT THE REFORM PROCESS IS TAKING PLACE AS A NEW ELECTION CYCLE IS GETTING UNDERWAY. (IN OTHER COUNTRIES THAT HAVE UNDERGONE TRANSITION-TO-DEMOCRACY PROCESSES, REFORMS HAVE BEEN LARGELY COMPLETED BEFORE ELECTIONEERING TOOK OVER.)

## 11. (S) TO CITE THE MAJOR STEPS TAKEN:

-- A DATE (APRIL 8) FOR ELECTIONS IS AGREED AND THE SECOND

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VOTE ON THE PACKAGE OF CONSTITUTIONAL REFORMS REDUCING THE PRESIDENTIAL AND CONGRESSIONAL TERMS TO ONE YEAR TAKES PLACE THIS WEEK; AFTER THIS VOTE (AND ASSUMING APPROVAL), THE OAS DIALOGUE WILL TAKE UP CONSIDERATION OF AMNESTY.

-- PROGRESS ON STANDING DOWN THE SIN IS PROCEEDING (ALTHOUGH THIS IS ONE COMMITMENT THAT BEARS CAREFUL WATCHING).

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-- MONTESINOS IS FIRED AND IN HIDING, HIS TOP LIEUTENANTS IN THE MILITARY REPLACED.

-- THE HEADS OF PERU'S TOP TWO ELECTORAL BODIES HAVE EITHER RESIGNED OR ARE ABOUT TO. THE GOVERNMENT HAS FORMALLY PROPOSED REVAMPING THE ENTIRE LEADERSHIP OF EACH.

-- IMPLEMENTING AN OAS DIALOGUE AGREEMENT, CONGRESS HAS OVERTURNED THE LAW THAT GAVE UNTENURED JUDGES AND PROSECUTORS

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INFO LOG-00 SAS-00 /000W  
-----98EFB1 311604Z /38

O 311602Z OCT 00  
FM AMEMBASSY LIMA  
TO SECSTATE WASHDC IMMEDIATE 7136  
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EQUAL STATUS WITH TENURED COLLEAGUES AND HAS AGREED TO ABOLISH  
THE TWO EXECUTIVE COMMISSIONS OVERSEEING THE JUDICIARY AND  
PUBLIC PROSECUTORS.

-- THE GOVERNMENT HAS AGREED SIMPLY TO REVOKE THE DECREE  
STRIPPING TV STATION OWNER BARUCH IVCHER OF HIS PERUVIAN  
NATIONALITY, PAVING THE WAY FOR RESOLVING PERU'S MOST  
NOTORIOUS FREEDOM-OF-PRESS CASE.

IT IS ALSO SIGNIFICANT THAT THE GOVERNMENT HAS FORMALLY  
PROPOSED A TRUTH COMMISSION AND INDEMNIFICATION FOR HUMAN  
RIGHTS VICTIMS.

12. (S) COMMENT: UNTIL THE MONTESINOS SAGA PLAYS OUT, AND,  
HOPEFULLY RESOLVED ON FAVORABLE TERMS, THE PERCEPTION OF PERU  
IN CRISIS WILL PERSIST AND ELEMENTS OF THE OPPOSITION WILL  
LIKELY CONTINUE TRYING TO BRING THE FUJIMORI GOVERNMENT DOWN  
IN THE MEANTIME. HOWEVER, THE BREAK WITH MONTESINOS, THE  
CHANGES IN THE MILITARY HIGH COMMAND AND FUJIMORI'S  
WILLINGNESS TO CEDE ON THE AMNESTY ISSUE HAVE GIVEN THE OAS  
DIALOGUE A HUGE BOOST. THE DAY-TO-DAY NEWS IS OFTEN STILL  
UNSETTLING BUT, TAKEN A WEEK AT A TIME, THE REALITY IS THAT  
PERU IS MOVING IN THE RIGHT DIRECTION.

HAMILTON

&lt;&lt; END OF DOCUMENT &gt;&gt;

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