

December 18, 1998
**Cable, US Embassy Moscow to the Secretary of
State, 'Deputy Secretary [Talbot] Meets
Malashenko'**

Citation:

"Cable, US Embassy Moscow to the Secretary of State, 'Deputy Secretary [Talbot] Meets Malashenko'", December 18, 1998, Wilson Center Digital Archive, Freedom of Information Act (FOIA) Case Number F-2017-13804, Doc No. C06814868, US Department of State Virtual Reading Room. <https://digitalarchive.umd.edu/document/301038>

Summary:

Deputy Secretary Talbot met with Media Most Vice Chairman Igor Malashenko December 8. Malashenko reviewed the domestic political situation. He said Yeltsin would remain in office until 2000 at all costs, and suggested that Luzhkov had the best shot at succeeding him. He was positive on Yavlinskiy's strength, and saw him as a possible kingmaker and prime minister in 2000. He viewed the changes in the Presidential Administration darkly, particularly given the military counterintelligence backgrounds of key figures there and in Primakov's entourage. He said that the fate of FSB Director Putin, a Chubays protege, would be a litmus test of intentions on safeguarding civil liberties. Malashenko admitted Media Most and NTV had been severely weakened by the crisis. To buy time for the 18-24 months he estimated it would take the economy to recover, Gusinskiy was negotiating to sell a further 25 percent of the company to Gazprom.

Credits:

This document was made possible with support from Blavatnik Family Foundation

Original Language:

English

Contents:

Original Scan

~~CONFIDENTIAL~~

Post: MOSCOW MRN: 33272 Printed by: Soltis, Marjorie A. 12/4/00 10:16

ROUTINE

~~CONFIDENTIAL~~ EXDIS

DECAPTIONED

1998

SUBJECT: DEPUTY SECRETARY MEETS MALASEHKO

RELEASE IN FULL

ref: Collins-Talbott 11/13/98 fax (NODIS)

DECLASSIFIED

Classified by Charge John Tefft. Reasons: 1.5 (B, D).

1. ~~(C)~~ SUMMARY: Deputy Secretary Talbott met with Media Most Vice Chairman Igor Malashenko December 8. Malashenko reviewed the domestic political situation. He said Yeltsin would remain in office until 2000 at all costs, and suggested that Luzhkov had the best shot at succeeding him. He was positive on Yavlinskiy's strength, and saw him as a possible kingmaker and prime minister in 2000. He viewed the changes in the Presidential Administration darkly, particularly given the military counterintelligence backgrounds of key figures there and in Primakov's entourage. He said that the fate of FSB Director Putin, a Chubays protege, would be a litmus test of intentions on safeguarding civil liberties. Malashenko admitted Media Most and NTV had been severely weakened by the crisis. To buy time for the 18-24 months he estimated it would take the economy to recover, Gusinskiy was negotiating to sell a further 25 percent of the company to Gazprom.
END SUMMARY

2. ~~(C)~~ Deputy Secretary Talbott, accompanied by S/NIS deputy coordinator Nuland and Polmincouns, called on Media-Most vice chairman Igor Malashenko on December 9. Talbott began by noting the concerns Malashenko had expressed to Ambassador Collins on November 12 (ref), and outlining the purpose of his visit to Moscow.

3. ~~(C)~~ Malashenko began his review of the scene in Moscow by criticizing Primakov for his lack of policies. The Prime Minister was taking credit for things he had not done (e.g., re-nationalize companies, ban dollars), but given the state of the economy something better was needed. Responding to a question about the state of the media, he said that the situation was "not dramatic," but advertising was down 70 percent from August 17 and the media, as a business, were being slowly strangulated. He said that Primakov had pledged in his visit to RTR the day before not to touch freedom of the press, but said that the PM's calls for the media to provide "truth" had a Soviet ring to it. Primakov, in fact, was not interested in any truths that put his government in a bad light.

4. ~~(C)~~ Malashenko said that Gusinskiy was negotiating to sell an additional 25 percent of the shares of Media Most to Gazprom, which would give the company enough resources to survive 18-24 months until the economy came back. In the meantime, NTV was trying to reduce

its costs by running Soviet rather than Western movies, and running more news shows, which were relatively cheap to produce. The recent launch of a direct TV broadcast satellite purchased from Hughes for NTV may put the company in trouble, he said, since the purchasing power necessary to support pay TV had been substantially reduced. Incomes were down 20 percent since August and dropping, he said. On the government side, Malashenko said the danger was not direct censorship, but using taxes and tariffs for broadcasting facilities to influence editorial content. The Communists in the Duma were talking about governmental control, but this was not a major threat. Primakov, however, was "viscerally" negative about the press. In regional meetings, he had told his audiences that he did not read newspapers and advised his interlocutors not to do so either.

5. ~~(S)~~ Turning to politics, Malashenko said he doubted that Primakov would run for president. He would need to maintain his popularity despite the major economic depression that was looming. A bad winter, inflation, and shortages would cumulatively undercut his chances.

6. ~~(C)~~ Yeltsin, Malashenko claimed, had made a firm decision to remain in office until the end of his term in 2000. Bordyuzha had told Malashenko that the President had made this his number one priority as chief of the Presidential Administration (PA): presidential elections will be held in the summer of 2000, and not one day earlier. Burdyuzha said that he had been told to use "all necessary means" to ensure this goal.

7. ~~(C)~~ Malashenko described Burdyuzha as a "smart guy" for someone from the military. However, he was politically unsophisticated, a "political vacuum, waiting to be filled by someone and something." Yeltsin, he claimed, had stated that there would be two people in charge at the PA: Bordyuzha and Sysuyev, with the latter assuming charge of the political side.

ref: Collins-Talbott 11/13/98 fax (NODIS)

(Malashenko described Sysuyev as a "bad joke," someone who was tied to Gaydar and Chubays, and someone who would not last long.)

8. ~~(C)~~ After reprising the message given to the Ambassador in November about Primakov's threats to Yavlinskiy (reftel), Malashenko said he had been paid a subsequent visit by "friends" of Primakov's aide Zubakov, who had repeated the message. Malashenko's conclusion was that Zubakov and others in Primakov's entourage wanted Primakov to become the next president. Malashenko said that the person who had been appointed to succeed Savastyanov, Makarov, had been in the military counter-intelligence department of the KGB, where he had been Bordyuzha's chief. Makarov was responsible for firing Korzhakov from the KGB. Later, after Yeltsin rose to power, Korzhakov took his revenge by arranging for Makarov to lose his job. Makarov then

went into the private security business before Bordyuzha brought him back into government at the first opportunity. Bordyuzha, Makarov, and Zubakov all spent time together in military counter-intelligence in the KGB. They, together with another Bordyuzha deputy, Malkov, are now four men from the same KGB Department who have senior positions, linked by strong personal ties.

9. ~~(C)~~ Asked about Yumashev's possible future role, Malashenko said this would depend on how he had parted with the President. It was likely that this had occurred on good terms, and he would remain an important influence on the President. If, however, there had been a rift of some sort, this was something that Yeltsin never forgot or forgave.

10. ~~(C)~~ Turning to Lebed, Malashenko said that he is losing his potential in Krasnoyarsk, where he is alienating powerful local interests. Lebed is in "deep trouble" there, and not doing anything to gain elite support in Moscow. From Lebed's point of view, an early election might be better, before his situation got even worse. In the mid-term, the likely economic downturn that lay ahead would produce a large "anti" vote which would benefit Lebed, who probably even more than the Communists would attract this protest vote. Luzhkov, however, would not benefit from a protest vote. Moreover, the Moscow mayor had his own potential weakness: Moscow is being hit hard by the economic crisis. Luzhkov, he said, is interested in an early Presidential election.

11. ~~(C)~~ The Deputy Secretary asked about the prospects for other political leaders. Malashenko said that the new organization Kiriyenko was talking about would fall far short of the 5 percent needed to gain representation in the Duma. Yavlinskiy and Yabloko, however, had done extremely well in the St. Petersburg municipal elections. This could in turn help boost Yabloko in the 1999 Duma elections, and provide a boost in turn for Yavlinskiy's own presidential candidacy. Yavlinskiy, therefore, opposes early Presidential elections. Yavlinskiy, Malashenko admitted, had scant prospects of actually winning the Presidential election. He did, however, stand a good chance of being number 3. As things now stood, Luzhkov had the best chance of winning. However, if he came third in the first round, Yavlinskiy could play a role as "kingmaker" and stand a good chance of becoming Prime Minister. Malashenko added that Yavlinskiy's team was weak, and the Yabloko was more like a sect than a political party. Malashenko claimed that he was trying to help Yavlinskiy establish a better political organization.

12. ~~(C)~~ The Deputy Secretary asked why Yavlinskiy had supported Primakov for Prime Minister. Malashenko said that there had not been much of a choice. Keeping Kiriyenko after the crisis had erupted would have led to Yeltsin himself being swept from office as sharing blame for the disaster. Yavlinskiy suggested Primakov because he thought there was a chance of early

elections, and he thought Primakov would be someone who would not be a contender but who could organize the electoral process. Malashenko said that he thought that despite the speculation, Primakov would not run. During the run-up to being named Prime Minister, Primakov had steadfastly said "no" until he was assured that he would get the job and be approved. It was clear, however, that he was getting ready for this since he announced virtually immediately his intention to appoint Maslyukov and Gerashchenko. With regard to the Presidency, Primakov would not run because the

ref: Collins-Talbott 11/13/98 fax (NODIS)

risks would be too high. The only chance would be if he knew he had the full support of the Communist Party and Agrarians, and a high probability of winning. Primakov disliked Yavlinskiy because he would vigorously oppose anyone, including Primakov, who was allied with the Communists. Yavlinskiy would ensure that a large part of the political spectrum would remain outside Primakov's grasp.

13. ~~(C)~~ Malashenko said that he doubted there were any potential dark horses. All the polls suggested that Zyuganov had a ceiling of electoral support. A Zyuganov victory could not be excluded, but seemed unlikely. After an initial flirtation, Luzhkov was now ruling out a coalition with Zyuganov and the communists. As a result, the communists were now looking at Primakov as a candidate they might support. Even Primakov's current economic policies would not drive the communists away.

14. ~~(C)~~ The Deputy Secretary asked about the core issue of what is happening with Russia, is it moving backwards. Malashenko suggested that the image might not be the Gogol troika Talbott had evoked in his Stanford speech, but the Russian fairy tale of a crossroads with each direction marked with a particular danger. This Russian crossroad had three directions. The first was isolation and a xenophobic regime, which had scant regard for human rights and freedom of the press -- albeit a milder version than in the Soviet era. There were strong economic reasons to suggest this was the likely path, since Russia was a country that produced no competitive goods. The second path was toward chaos and disintegration. This was not likely, but feasible. The third path was continuation of reforms, but on a different basis, not the monetarism of Gaydar and Chubays. This was the path of Yavlinskiy. Unfortunately, the most feasible path was the first.

15. ~~(C)~~ Nuland asked who was now advising Yeltsin. Malashenko said that Yumashev had been important. His successor, Bordyuzha, was not yet capable of talking to Yeltsin. Primakov did talk to Yeltsin. However, Yeltsin was his own adviser. Malashenko ruled out Chernomyrdin as having any residual influence. Even Gazprom did not see Chernomyrdin as a realistic candidate for President.

TEFFT

~~CONFIDENTIAL~~

~PAGE 01 MOSCOW 33272 00 OF 03 181451Z

@INFO: C(01) CIAE(01) CMS(01) D(01) DODE(01)
 E(01) EB(01) EDIT(01) EUR(01) G(01)
 INR(01) IO(01) M(01) MA(01) NRRC(01)
 NSAE(01) NSCE(01) P(01) PA(01) PM(01)
 S(01) SCBE(01) SNIS(01) SP(01)
 SRPP(01) SS(01) SSO(01) SSS(01) T(01)
 UNW(01)

===== 181015L DEC 98 IPC (TOTAL COPIES:030)

@INFO: P(00) SSO(00) SS(00) WO(00)

===== 181458Z DEC 98 STePS (TOTAL COPIES:000)

ACTION SS-00.

INFO LOG-00 ADS-00 SAS-00 /000W
 -----8E8304 181454Z /38

R 181445Z DEC 98
 FM AMEMBASSY MOSCOW
 TO SECSTATE WASHDC 2139

~~CONFIDENTIAL~~ MOSCOW 033272

EXDIS **DECAPIED**

E.O. 12958: DECL: 12/9/08
 TAGS: PREL, PGOV, RS