

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Russian
President Boris Yeltsin on September 12 (Ø)

PARTICIPANTS: The President
Russian President Boris Yeltsin

Interpreter: Dmitry Zarechnak
Notetakers: Bonnie Glick, Liz Rogers,
Cindy Lawrence, Matt Sibley, Joel Schrader

DATE, TIME September 12, 1998, 11:32 - 11:59 a.m. EDT;
AND PLACE: Oval Office

THE PRESIDENT: Boris? (U)

PRESIDENT YELTSIN: Hello Bill. (U)

THE PRESIDENT: Thank you for taking my call. I wanted to begin by thanking you for my visit to Russia. It was wonderful to see you, and congratulations on getting Primakov through the Duma. Madeleine Albright thinks highly of him. You can be proud that you handled the political crisis under tremendous pressure, and you held true to your role of being the father of Russian democracy. (Ø)

PRESIDENT YELTSIN: Well, Mr. Primakov is, as we say, an Americanist. He has been an American expert since long ago when he was part of the Academy of Sciences. I wanted very much for Chernomyrdin to get this post but it was not to be, and I decided not to press his nomination and to submit the nomination of Mr. Primakov. And he got the vote of the overwhelming majority. (Ø)

And also there are several new names in the government. The Chairman of the Central Bank is Mr. Gerashchenko. And also there is a new name as deputy chairman of the government,

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Mr. Maslyukov. And I already mentioned the appointment of the new head of the Central Bank, Mr. Gerashchenko. The two of them stand firmly for the continuation of reforms, there should be no doubt about that, and there will be no deviation from our past toward continuation of reforms. (C)

Of course, there was a lot of debate in the Duma, but then I decided to weigh in in a very serious way, and they realized either they would be dissolved, the entire Duma, or they would approve my nomination. They also gave their approval because they know Mr. Primakov very well and know he is a worthy candidate to be Prime Minister. (C)

I appointed Mr. Ivanov as Minister of Foreign Affairs. Prior to that appointment, he was Deputy Foreign Minister. Of course, you know him well, and on many occasions you have had the opportunity to talk to him. And I have a request of you. I want you to have a meeting with him so you can see for yourself he also stands very firmly for the continuation of our course. (C)

Well, so much for the current situation in Russia. So far there has been little movement on the economic front, but we have managed to halt the slide of the ruble exchange rate, and gradually the market has calmed down. Now that we have the appointment of the chairman of the government in place, the situation will take a rapid turn for the better. (C)

Well, I think you and I, we have to decide to continue the work of the tandem of Gore-Primakov. The tandem was already in place in the past, and it's just a new name that appears in combination with the spirit of past work. I believe it should continue working as before. And we have now lined up a schedule, the two of us, for the next things to be addressed, and Mr. Ivanov will be responsible for the implementation of those scheduled events. And if you have time please be so kind as to receive him. (C)

THE PRESIDENT: I hope I can see him and I will do my best to do so. I also think it is a good idea to continue the Commission with the Vice President and Primakov. (C)

I would like to mention a couple of other things. First, I hope you will also find the right counterpart for Sandy Berger. He and Kokoshin did good work together on export controls and we have to continue to make progress on that front so I can get support here in America for Russia and your economic recovery.

It is especially important to follow through on your Iran commitment. (C)

PRESIDENT YELTSIN: Well, as far as your point concerning continuation of the joint commission, I will tell Primakov what you said, and of course, he will find time to get in touch with him, with Mr. Gore, and outline the work to be done in the immediate future. (C)

THE PRESIDENT: I think it is important if the Commission is to be effective that at least Mr. Primakov should affirm and implement earlier agreements. It is important we not go back and redo commitments already made. We can just build on them and go forward, from our point of view that would be a very important thing. (C)

PRESIDENT YELTSIN: Yes, that is correct, and I share your view. (C)

THE PRESIDENT: The last item I wanted to mention specifically is that Strobe Talbott and Larry Summers are going to the G-8 meeting in London on Monday and will see Deputy Foreign Minister Mamedov for strategic talks. Two things about that. I think it is very important that these talks be faithfully reported back to you and to Primakov because there will be a lot of effort made at the London conference to find ways to support Russia and economic transformation. I think it is important that we work closely on this and very important Primakov put in place people who understand the new global economy. (C)

I think as a friend I owe it to you to say the appointments you made raise concerns that Russia will return to the hyperinflation Russia suffered in 1992. The truth is no nation, including the U.S., can go it alone in today's global economy. We have to work together and restore growth, and we have got to have private investment, and IMF investment, and we have got to get international investors. We've got to get money coming into Russia instead of flowing out of Russia. I will do what I can, but I think it is important Primakov make some appointments of people who can give good advice and generate confidence and that the people you send to London report back faithfully these conversations. (C)

The only other point I have to make is that Strobe's talks with Mamedov will be very important. We have very high regard for him and very high level of trust. We will work hard to make the most of these talks. (C)

PRESIDENT YELTSIN: Well I understand your point Bill, and I will act as you suggest I should, especially since this is part of past practice established between you and me, and it has never failed us in the past, and we can build on these practices, and we can rely on experience of the past joint work and continue moving forward. There is no reason for you to feel worried in any way because there will be no backtracking away from reforms. We will move forward and on and on. (S)

As far as appointments are concerned, they are all reform minded people, faithful, and they will follow the course and do their best to have it implemented. You know me and Mr. Primakov very well. You know how loyal Primakov is to the reform course, so there is really no reason for you to feel concern. (S)

THE PRESIDENT: Well, Boris I think getting Primakov in there stabilized the government with a strong person, and that is good, but now that that problem is solved we have to solve the economic problem. I want to help. I see this as a real opportunity to revive the great legacy you have built, and I think we understand each other, and I will continue to work very closely with you through my people, and we will hope for the best with our people in London. (S)

PRESIDENT YELTSIN: Well, Bill, I think we have covered a great deal of ground the last two weeks, and the past couple of days have been rough sailing. But we can say we have prevailed in the long run and have got the upper hand. Thank you for your support, and also thank you for your high appreciation of Mr. Primakov. You, of course know him very well, and his appointment will militate in favor of our continued cooperation. (S)

THE PRESIDENT: Thank you. Goodbye, Boris. (U)

PRESIDENT YELTSIN: Goodbye, Bill. (U)

THE PRESIDENT: Goodbye. (U)

-- End of Conversation --