

~~TOP SECRET~~

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THE WHITE HOUSE
WASHINGTON
August 24, 1998

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DECLASSIFIED IN PART
PER E.O. 13526

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER *SB*
GENE SPERLING *GS*

SUBJECT: Telephone Call to Russian President Yeltsin

2016-0620-M (1.01)
3/6/2019 KBH
DOWNGRADED FROM
~~TOP SECRET TO SECRET~~
RPS 8/3/10 0009-1221-M

The main purpose of your call is to energize Yeltsin about next week's meetings and to encourage him to see Strobe to discuss our objectives in more detail. You should also sound him out on his thinking behind Sunday's cabinet change and make sure he is focused on financial realities. If not handled well, events in the next 10 days could lead to a run on the banks, foreign investor panic and a financial meltdown. You should also review the circumstances surrounding our strikes against Osama bin Ladin.

Shuffling the Deck -- or Moving the Deck Chairs? The government shake-up is an enormously risky move under the current circumstances. Putting a new government in place will take time. Treasury, foreign investors, and the international financial institutions are worried that delicate problems such as the debt restructuring, currency stability and the banking crisis will exceed the new team's capabilities or, more importantly, their willingness to make tough political choices. Chernomyrdin assured the Vice President that he would press ahead with the reform agenda. His statements and behavior on Monday suggested that he is reserving a lot of room for maneuver on what that means. After initial delays, it appears he will announce the government's debt restructuring plans on Tuesday.

Russia also faces a smoldering domestic banking crisis that intensifies each day as the oligarchs press for a bailout. Some relief for the banking sector is needed. But taken to an extreme, the kind of liquidity injection the oligarchs want could set off uncontrolled inflation and a currency collapse. We do not know if Yeltsin is aware of or understands the decisions his government must take and the consequences they

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Reason: 1.5 (c) (d)
Declassify on: 08/24/18

cc: Vice President
Chief of Staff

entail. Without getting into details, you should alert him to the danger.

Why Chernomyrdin? What's Next? A key concern is what kind of influence a small group of oligarchs will have. Boris Berezovskiy, who has close ties to Yeltsin's family and chief of staff Yumashev, apparently played a large role in engineering Chernomyrdin's return. [EO 13526 3.3(b)(6)] Berezovskiy is taking credit for the changes; he met with Yeltsin and Yumashev on Saturday.) Chernomyrdin told the Vice President on Sunday that Yeltsin had offered him broad powers to confront the economic crisis. That could mean a relatively free hand on personnel, and it could cause problems. Nemtsov has resigned, and macroeconomic czar Boris Fedorov has had a difficult relationship with Chernomyrdin, even though Chubays suggested that it may be improving. Chubays does not expect to join the government.

Teeing Up the Summit. Strobe arrives in Moscow on Wednesday. You should encourage Yeltsin to see him. Our goal is to persuade Yeltsin and his advisors that Russia's political and economic uncertainties make it all the more important to achieve maximum outcomes on foreign policy issues at the summit. Your willingness to hold the summit at this difficult time for Russia is a sign of your support. You should briefly confirm progress on two security issues -- sharing early warning data on ballistic missile launches and disposition of excess weapons plutonium. To demonstrate the relationship can produce concrete results, you should press for progress on foreign policy issues -- Iran, Iraq and Kosovo -- and tell him that Strobe will want to talk about these in more detail later this week.

Osama bin Ladin. Yeltsin said on Friday that he is "outraged and condemns the bombing of Afghanistan and Sudan by the Americans." If we cannot get this issue behind us, it will become yet another point of controversy at the summit. You should explain to Yeltsin that you acted because American lives were at stake, the evidence was conclusive and there was no other choice. You should stress that we have worked together on the problem of terrorism and share a common view of the threat to our people. It would be helpful to get Yeltsin's agreement to state publicly that he now understands the rationale for our actions.

Attachment
Tab A Points to be Made

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2016-0620-m (1.02)
3/6/2019 KBH

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Russian
President Boris Yeltsin

PARTICIPANTS: President Clinton
Russian President Yeltsin

Interpreter: Peter Afanasenko

Notetakers: Tony Campanella, Liz Rogers,
Robin Rickard, Joel Schrader, Chris Bell

DATE, TIME AND PLACE: October 5, 1998, 12:01 - 12:18 p.m. EDT,
Oval Office

THE PRESIDENT: Hello, Boris? (U)

PRESIDENT YELTSIN: Hi, Bill. (U)

THE PRESIDENT: I am glad to hear from you. I understand you want to talk about Kosovo, and I do too. (C)

PRESIDENT YELTSIN: Yes. I have received your message on the subject of Kosovo, and of course, I share your concerns over the deteriorating situation and in connection with this, I wish to inform you of steps taken by the Russian side to ease tensions and promote a political settlement. I think you are having some problems with the telephone line, Bill? (C)

THE PRESIDENT: No, Boris. I hear you fine. (U)

PRESIDENT YELTSIN: I instructed my ministers including the Minister of Defense Sergeyev and Minister of Foreign Affairs Ivanov and also the First Deputy of Foreign Intelligence Service Shcherbakov to go urgently to Belgrade. They went last night and held discussions with Milosevic, and in very strong terms they insisted in a discussion with Yugoslavia's leadership on the need to take urgent steps to put an end to hostilities in

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Kosovo and to have troops withdraw and secret service units withdraw to their permanent location facilities and also to try and work for the process of negotiations. (S)

The talks held with Milosevic and Yugoslavia's Minister of Defense and Minister of Interior and people from the General Staff and from the special services of Yugoslavia demonstrated they heeded our appeal. Already they have taken some measures so that the situation may gradually return to some normalcy. And indeed, the situation in Kosovo is being gradually normalized. I know in the West not much trust is felt in what Milosevic is saying, and I don't have much trust or grounds for what he is saying either. But we still managed to get agreement from him to receive a mission from the OSCE, and he also delivered on another promise that the Government of Yugoslavia and the parliament support Russia's initiative and that they also welcome the OSCE mission coming to Yugoslavia. (S)

I believe that this is in large measure a breakthrough and we have to continue working so that we can really reinforce that breakthrough. Now, I already talked on this subject with the Secretary General of the United Nations, and the Secretary General heard from me that Yugoslavia has agreed to receive the Secretary General himself or his personal emissary. A group of Finnish experts is traveling there, I have discussed this with the President of Finland, and they will take part in investigating the murders and massacre of peaceful civilians that was committed there, and I have discussed this with the President of Finland. And we have lined up an impressive mechanism of international monitoring to pass judgement on this situation and to promote the normalization of this situation.

(S)

I wish to also underscore the fact that what concerns Belgrade equally concerns Albania and Kosovo. Security Council Resolution 1199 also applies to Albanians in Kosovo to give up the terrorist methods they are using. I am alarmed about aggressive talk of late about inevitable irreversible use of force by NATO in Yugoslavia. My position is known very well to all concerned. My position is that the situation cannot be resolved by use of force, and it is absolutely clear that a military gamble might have very grave consequences for the world at large and the Balkans, in particular, and this must not be allowed to happen. We are very firm on that. The international community has already accomplished a lot in strengthening peace and stability in the Balkans. If we look at the example of Bosnia and the subject of Kosovo, we should work with a view

toward accomplishing a political solution. Well, this is what I wanted to tell you on Kosovo. (S)

THE PRESIDENT: Thank you very much. First I want to thank you for your efforts. But let me -- (S)

PRESIDENT YELTSIN: (Interrupting) Thank you, Bill. (U)

THE PRESIDENT: Let me say what my concerns are. First I -- (S)

PRESIDENT YELTSIN: (Interrupting) Yes, and I think no one should be allowed to endanger the cooperation we have established. (S)

THE PRESIDENT: Let me say I am concerned that what Milosevic is doing is what he has done so often before in making false promises. He made a promise to you in June, which he didn't keep. Perhaps OSCE monitoring will help that. I want to say that we don't want to use force, and it is not inevitable. What happens next is entirely up to him. Our experience is that a credible threat of force is necessary to get him to comply so we don't have to use it. I think you may have gotten his attention, along with the pressure building up here. I am going to send Dick Holbrooke to Belgrade. Kofi Annan's report is a graphic account of Milosevic's continuing defiance of the international community. Many displaced persons are afraid to return home because they have no assurance of safety. He has suspended these operations and made his commitment to you now, but we simply have to know he is going to comply with UN requirements, and compliance has to be verifiable and irreversible. I do not want to use force, and force is not inevitable. If he thinks there is no threat of force, he never does anything. Your report is encouraging, and the OSCE may provide us a useful mechanism, but he has got to come through here, and his actions are what's important here and will determine what will happen next. (S)

PRESIDENT YELTSIN: Goodbye Bill. Thank you for this and goodbye. (S)

-- End of Conversation --

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Message to President Yeltsin on Kosovo

**DECLASSIFIED
PER E.O. 13526**

2016-06-20-M (1.03)
3/6/2019 KBM

Purpose

Approve a message to President Yeltsin.

Background

President Yeltsin wrote to you earlier today about Kosovo. Yeltsin's brief letter, which was backdated in light of his embarrassing gaffe with Chancellor Schroeder on Thursday, calls for a political solution that respects the territorial integrity and sovereignty of the FRY; it also reiterates the standard Russian opposition to use of force without UNSC authorization. Yeltsin reaffirmed the importance of strengthening U.S.-Russian cooperation on a number of issues (e.g., arms control, economics) to rebuff critics of the relationship.

Michael Steiner, my German counterpart, told Strobe today that Yeltsin performed poorly in yesterday's meetings. He appeared to be suffering from dementia, and Steiner believed that Yeltsin's harsh public statement was a spontaneous replay of nearly identical public comments that Yeltsin made last October.

RECOMMENDATION

That you approve the message at Tab A.

Approved By SRB - KJC 2/20

Disapprove _____

Attachments

- Tab A Message to President Yeltsin
- Tab B Incoming Correspondence

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Reason: 1.5(d)

Declassify On: 2/19/09

cc: Vice President
Chief of Staff

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