



# Backgroundunder

## Executive Summary

No. 1232

November 6, 1998

## WHO'S WHO IN PRIMAKOV'S NEW RUSSIAN GOVERNMENT

*EVGUENI VOLK, PH.D.*

On September 11, 1998, the Russian State Duma approved President Boris Yeltsin's choice of Evgeny Primakov as Prime Minister by a vote of 317 out of 450. The Duma's action came in the wake of the August 17 devaluation of the ruble, the dismissal of former Prime Minister Sergei Kiriyenko and his government, and the Duma's failure to approve Yeltsin's choice of Viktor Chernomyrdin.

Primakov used his first month in office to shape his new government and draft the semblance of a crisis management program to address the country's serious financial problems. His choices prove him to be a master of compromise: His Cabinet members represent every major political faction in the Duma, and his economic proposals are designed to please both the left and the right.

Primakov is wary of the United States and has been a consistent opponent of U.S. international leadership. During the recent missile crisis with Iraq, for example, he resisted U.S. military retaliation against Saddam Hussein. Exactly how Primakov's government will affect U.S.-Russian relations may be uncertain, but its policies clearly could have a major impact on U.S. national interests.

### THE PRIMAKOV GOVERNMENT

Primakov and most of his Cabinet officials built their political careers in the former Communist regime. A former senior Communist Party of the Soviet Union (CPSU) *nomenklatura* member and former member of the CPSU's ruling body, the Politburo, he managed to survive when President Boris Yeltsin took over. He was appointed head of the Russian foreign intelligence service in 1991, and became Foreign Minister in January 1996.

Primakov has challenged America's global leadership role by promoting "multipolarity" and opposing NATO enlargement. Yet he is too pragmatic to allow Russian-U.S. relations to deteriorate dramatically. He might even pressure the State Duma into ratifying the START II Treaty, believing it to be in Russia's national interest. But this would not signal an end

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to Russia's flirtation with anti-American regimes.

Most of Primakov's deputies were high-ranking CPSU officials in the 1970s and 1980s when the U.S.S.R. was suffering economic decline. They represent a generation of Russian history plagued by stagnation and economic morass, and are unlikely to adjust their economic philosophies to the reality of a developing market.

**First Deputy Premier Yuri Maslyukov**, the top Deputy Prime Minister and the government's chief economic executive, built his career largely within the huge Soviet military-industrial complex. Maslyukov will supervise macroeconomics, the military-industrial complex, and the arms trade. He is Russia's chief representative for talks with the International Monetary Fund (IMF), despite his Communist background and lack of experience in negotiating financial issues. His counterparts are unlikely to give him much credence.

**Deputy Premier Gennady Kulik** is in charge of agriculture. A Communist-allied Agrarian Party member, he was a CPSU *apparatchik*. He opposes private ownership of land and will pursue protectionist policies to shield the agricultural sector from foreign competition, which could mean an end to chicken imports from the United States.

**Finance Minister Mikhail Zadornov** seems as foreign to Primakov's government as do his political record and views on economic policy. He never held a significant position in the Soviet *nomenklatura*. In 1990, he coauthored a free-market reform program rejected by CPSU conservatives. Zadornov is likely to proceed with financial reform, but his freedom to maneuver will be restricted, and he will be subject to pressures from First Deputy Premier Maslyukov.

**Foreign Minister Igor Ivanov** is a career diplomat with no political ambitions. He served at the Russian Embassy in Spain and was the Ambassador there in later years. He is expected to follow Primakov's concept of foreign policy, rarely making independent moves—which will allow Primakov to mastermind Russia's foreign policy.

**Defense Minister Igor Sergeev**, ex-com-

mander of Russia's Strategic Rocket Forces, has retained his ministerial portfolio. A professional military man, he has launched serious military reforms which have encountered strong resistance from the generals.

## CONCLUSION

Primakov's Cabinet selected may have been specifically to avoid alienating influential political and economic groups, such as international financial institutions and the powerful oligarchs. It may also be the political base to launch a Primakov for resident campaign in the near future. Overall, Primakov's government is more likely to restrict economic freedom and strengthen its involvement in the economic system than to concentrate on opening markets and increasing their competitiveness.

But failure to pursue free-market reforms could aggravate the social and economic situation within the Russian Federation. Separatist tendencies could increase, hastening Russia's dissolution into poorly governed regions and jeopardizing the centralized command and control of nuclear weapons, making them easy prey for unpredictable local leaders, criminals, or terrorist groups. The proliferation of weapons of mass destruction could expand even more rapidly than feared. Any such developments would seriously affect U.S. national interests.

Washington should make it clear that it will help Russia through its current difficulties only if Primakov's government demonstrates its commitment to free-market and democratic reforms. It also should insist that Russia's government concentrate on fighting crime and corruption, continue legal and court reforms, respect the property and rights of American investors, and institute tougher measures to ensure nuclear safety and the non-proliferation of weapons of mass destruction. Without such assurances, U.S. relations with Russia inevitably will be fragile.

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The Heritage Foundation

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On September 11, 1998, the Russian State Duma (the lower house of parliament) approved President Boris Yeltsin's choice of Evgeny Primakov as Prime Minister. The Duma's action came in the turbulent wake of the August 17 devaluation of the ruble and the dismissal of former Prime Minister Sergei Kiriyenko and his government. After the Duma twice rejected the nomination of Viktor Chernomyrdin, Chernomyrdin's former leftist opposition in the Duma endorsed Primakov by a vote of 317 out of a possible 450.

Primakov used his first month in office to shape his new government and draft a crisis management program to address the country's serious financial problems. His selections have proven that he is a master of compromise: His Cabinet members represent every major political faction in the Duma, and his economic proposals are designed to please both the left and the right. Such a coalition may turn out to be the future political base for a presidential bid by Primakov, should President Yeltsin exit the political scene. But a major question remains: What will the government under Prime Minister Primakov do?

Primakov is not considered a friend of the United States. He has been a consistent opponent of U.S. international leadership, for example, and

resisted U.S. military retaliation against Saddam Hussein's regime during the recent missile crisis with Iraq. He also confronted Washington during the recent crisis over Kosovo. Because Washington is uncertain how Primakov's confirmation as Prime Minister will affect U.S.-Russian relations and how his policies could affect U.S. national interests, a closer look at the experience and political bent exhibited by Primakov and by those he has selected to serve with him in the new government becomes highly relevant.

### **PRIMAKOV AS PRIME MINISTER: A SHIFT TO THE LEFT**

On October 6, on the eve of a nationwide anti-government protest organized by trade unions and the Communist Party, Prime Minister Evgeny Primakov addressed the Russian people on television to outline his new government's top priorities. Among the most critical

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objectives he identified were (1) the urgent need to pay off wage arrears, already in the billions of dollars, to the military, retirees, and government employees (education and health care are funded from the federal budget), and (2) the need to support the debt-ridden and stagnating regions of Russia. To do this, Primakov promised to safeguard private bank deposits currently frozen in banks that are on the verge of bankruptcy. At the same time, he made it clear that there would be no re-nationalization of property privatized during the reform years, although he did intimate that there might be a need to reconsider the pace of privatization.

The new Prime Minister referred to his strategic objective of rehabilitating Russia's economy. To this end, his government will encourage domestic entrepreneurs to increase production. He also plans to mend the hard-hit banking system, erase mutual debts accumulated among companies, and reform the taxation system to stimulate economic growth.

Primakov announced that his government intends to make two specific moves:

**First**, the customs service will be instructed to clear imported industrial machinery that Russian companies have acquired, but that has been held up because of failure to pay tariffs and value-added taxes. The equipment is priced at nearly \$1 billion. The situation of companies shaken by the financial crisis should improve once this equipment is installed.

**Second**, a state monopoly will be imposed on alcohol production. Alcohol will be produced under government-issued quotas at factories whose stock is government-controlled. This measure is expected to increase budget revenues. Primakov also stressed the need for foreign and domestic loans, which would help cut the budget deficit in the 1998 fourth-quarter emergency budget.

The establishment of a government monopoly on liquor production challenges the powerful "vodka mafia," a group of businessmen, government officials, and organized criminals who

control the production and distribution of hard liquor. In the past, this group was strong enough to thwart Primakov's predecessors from curtailing its profits and re-imposing strict government regulation. Primakov's success in fighting these Russian bootleggers will be a litmus test of his government's viability.

Primakov's program portends greater government interference in the current economy, slower rates of privatization, and increased protectionism. It indicates that Russia's economic policy may indeed be shifting to the left.

But his promise to pay off wage and pension arrears raises an immediate concern: Where will the government find the resources to do this when its market-oriented predecessors were unable to do it in a much more favorable economic environment? Primakov's address offered no clear answer to this dilemma, but many independent observers believe his government is likely to print more rubles. While this could ease the problem in the short term, it also would lead to runaway inflation.

Other economic remedies that Primakov's government suggests also imply huge spending, which is hardly affordable unless the government increases the money supply. Thus, Russia is headed for a further drop in its gross domestic product (GDP) as well as runaway inflation.

The new government is heavily dependent on foreign loans. To receive a much-desired Western bailout through the International Monetary Fund (IMF), G-7 countries, and the World Bank, Primakov will have to demonstrate—at least on paper—that he intends to adhere to free-market reforms. But genuine reform policies are at odds with the views professed by the most influential members of his new Cabinet. Most of them have never been involved in implementing genuine reform policies in the past, and it is doubtful they will be able to do so in the new political environment.

## THE PRIMAKOV GOVERNMENT

A leader often reflects the character and predicts the actions of those that serve under him. Unlike the members of the Kiriyenko government,

Primakov and most of his Cabinet built impressive political careers in the former Communist regime.

### **Evgeny Primakov**

Evgeny Primakov, who turned 69 on October 29, is a former senior Communist Party of the Soviet Union (CPSU) *nomenklatura* member with a background in espionage and propaganda—first as Middle East correspondent for the chief Communist daily paper *Pravda*, and later as director of the Institute of International Economics and International Relations (known by its Russian acronym of IMEMO), a foreign policy think tank closely linked to the CPSU Central Committee’s decision-making process. He then served as the Speaker of the U.S.S.R. Supreme Soviet (parliament) and as a foreign policy advisor to former Soviet President Mikhail Gorbachev. Rumors persist that he maintained close connections to the KGB, the Soviet intelligence service, throughout his career.

During the early 1990s, Primakov was a member of the CPSU’s ruling body, the Politburo. Unlike Gorbachev’s other associates, he managed to survive when President Boris Yeltsin took over. Yeltsin appointed Primakov as head of the Russian foreign intelligence service (SVR) in 1991. In that capacity, he advocated both reintegration of the former union under Russia’s aegis and a more anti-Western policy, which has been named “the Primakov Doctrine.”<sup>1</sup> In January 1996, Primakov became Foreign Minister, supplanting Andrei Kozyrev, who, in a well-orchestrated defamation campaign, was accused of pro-Western orientation.

As a member of Yeltsin’s government, Primakov refrained from openly criticizing free-market reforms. However, his sympathies reflect a quasi-socialist approach to government that advocates the predominance of state-run property and strong government regulation, not limited government and free enterprise.

Neither Primakov nor his government seems ready to fight the economic crisis gripping Russia.

Executive decisions are shrouded in secrecy—a practice understandable only within the context of the kind of intelligence operations that Primakov used to oversee—and this has harmed Primakov’s image. Many in the media speculate that restrictions imposed on the dissemination of official information are designed to cover up a paucity of constructive crisis management strategies. Several observers suspect that Primakov does not want to make any unpopular moves before the crucial negotiations with the IMF are complete, perhaps hiding his government’s true intentions. The Russian media even accuse him of using psychological warfare tactics, such as those the Soviets applied against enemy regions, to deceive the Russian people about how well the government is dealing with the economic crisis.

Primakov’s foreign policy often leans toward supporting rogue regimes in the Middle East, and his political career is linked to that region. In 1990, for example, he was Gorbachev’s special envoy to Iraq, charged with trying to avert the Desert Storm operation. Today, he counts among his personal friends such leaders as Saddam Hussein, Hafez-al-Assad, and Yassir Arafat.

Primakov is wary of the United States and its Western European allies. He does not hesitate to challenge U.S. leadership by promoting the concept of “multi-polarity” and opposing NATO enlargement. Yet he is too pragmatic to allow Russian–U.S. relations to deteriorate dramatically. He might even pressure the State Duma into ratifying the START II Treaty, believing that such a move is in Russia’s own interest. At the same time, however, Russia’s flirtation with anti-American regimes across the world can be expected to continue.

### **Primakov’s Domestic Deputies**

Primakov wields enormous domestic power. He controls Russia’s financial agencies, including the Finance Ministry, the Federal Taxation Service, the Tax Police, and the State Customs Committee. He was able to remove from influential positions his

1. See Ariel Cohen, “The ‘Primakov Doctrine’: Russia’s Zero-Sum Game With the United States,” Heritage Foundation *FYI*, No. 167, December 15, 1997.

potential rivals, such as Security Council Secretary Andrei Kokoshin and Presidential Spokesman and Chief Foreign Policy Advisor Sergei Yastrzhembski. But he is not an expert on the Russian economy, even though that normally is a qualification for a Russian premier. Consequently, he will have to rely on his deputies for guidance.

So far, Primakov has appointed five new deputies:

- **Yuri Maslyukov**, First Deputy Premier responsible for macroeconomic management and the military–industrial complex;
- **Vadim Gustov**, First Deputy Premier responsible for regional and local government affairs;
- **Gennady Kulik**, Deputy Premier responsible for agriculture;
- **Valentina Matviyenko**, Deputy Premier for social security issues; and
- **Vladimir Bulgak**, Deputy Premier in charge of managing the fuel and energy complex, research and development, and communications.

Most of these deputies were high-ranking Soviet Communist Party officials in the 1970s and 1980s, when the U.S.S.R. was suffering an economic decline. They represent a generation of Russian history plagued with stagnation and economic morass, and it is unlikely that they will be able to adjust their economic philosophies—formed decades ago within a Communist political and ideological environment—to the realities of a developing market.

The Primakov government, however, is not made up solely of old Communists. It is a collection of people with different political orientations, ideologies, backgrounds, and goals. To understand how this government will function, and what its policies portend for the future of Russia, consider Primakov's principal choices:

**First Deputy Premier Yuri Maslyukov**, 61, is the

top Deputy Prime Minister and the government's chief economic executive. He represents the old system well. His career was made largely within the huge Soviet military–industrial complex that accounted for between 60 percent and 80 percent of the Soviet Union's GDP. He headed the U.S.S.R.'s State Planning Committee (GOSPLAN), which monopolized all economic planning and management, defining the type, volume, and prices of commodities manufactured at every single plant and factory across 11 time zones.

According to the job description issued by the Primakov government, Maslyukov will supervise the Ministries of Economics, Trade, and Privatization; the military–industrial complex; and the arms trade. He is Russia's chief representative for talks with international financial organizations. This in itself is a strange appointment, both because of his Communist record and because he has no experience in negotiating sensitive financial issues. Maslyukov's foreign counterparts are unlikely to give his positions much credence.<sup>2</sup>

Maslyukov is a classic Soviet *apparatchik*. It is doubtful that his experience will benefit the Russian economy in the circumstances surrounding the current crisis. His first reported pronouncements favoring an increased money supply and restricted ruble convertibility already have caused concern. These policies would allow him to pour unlimited funds into the military–industrial complex. For example, Maslyukov has called for expanding the production of high-tech Topol–M intercontinental ballistic missiles (ICBMs) by 40 units a year and stepping up manufacturing of sea-launched ballistic missiles (SLBMs) and new strategic nuclear submarines. He harbors the erroneous notion that a revival of the Russian military–industrial complex will lead to a general surge in industrial output. In truth, it will require colossal funding, which will only aggravate the country's economic depression.

Maslyukov's anti-reform views on how to lift Russia from its crisis have disturbed many,

2. See Ariel Cohen and Brett D. Schaefer, "Russia Needs Immediate Reform, Not More IMF Loans," Heritage Foundation Executive Memorandum No. 533, June 10, 1998.

including Alexander Shokhin, a liberal economist appointed by Primakov as Deputy Premier in charge of financial issues. Shokhin resigned just ten days after assuming his post, apparently in the belief that he could not reconcile his own economic policies with those of Maslyukov, to whom he reported.

Finance Minister Mikhail Zadornov of the social democratic Yabloko party also has been highly critical of Maslyukov's economic platform, which the government finally renounced. After little more than one month in office, Maslyukov already is viewed as a top lobbyist for the military-industrial complex, instead of as a politician capable of dealing with Russia's financial crisis.

Among Maslyukov's aides are such anti-market economists as Sergei Glaziev, head of the Federation Council<sup>3</sup> Analytical Service and a consistent opponent of liberal reforms, and Anton Surikov, an observer for the ultranationalist *Zavtra*<sup>4</sup> weekly paper and a proponent of the restoration of the Soviet empire by force. They can be expected to have an effect on Maslyukov's decisions.

**Head of the Central Bank Viktor Gerashchenko.** The position of Deputy Premier in charge of financial issues was eliminated after Shokhin resigned, and its functions were divided among the remaining Deputy Premiers and left-leaning Central Bank Chairman Viktor Gerashchenko. Gerashchenko's voice has become critically important in resolving Russia's financial problems; he was the chief Russian negotiator at the recent IMF meeting in Washington, D.C., along with Finance Minister Zadornov.

Gerashchenko was a prominent official in the Communist banking system. He worked in the Moscow-controlled banks in London and Beirut in the 1960s and 1970s, during the peak of Soviet-supported espionage and terrorist activity, and later was chairman of the Soviet State Bank. His

name is frequently associated with the 1991 Soviet confiscatory monetary reform. He resorted to similar strategies while serving as head of the Russian Bank in 1993, when he illegally supplied money to the anti-reform forces in the Supreme Soviet. And he is responsible for Black Tuesday in October 1994, when the value of the ruble (and with it, once again, the savings of the Russian people) fell 24 percent in one day. Gerashchenko has been called "the worst central banker in the world."<sup>5</sup>

Gerashchenko favors ruble emission as the principal solution to Russia's fiscal problems. Inflation does not frighten him; in fact, he has every confidence that it will revive the Russian economy. He may try to hide his intentions, but Russians understand that the appointment of Gerashchenko as head of the Central Bank means rapidly increasing inflation and further impoverishment. It is feared, with some reason, that his practices will ruin Russia.

**First Deputy Premier Vadim Gustov.** Although Maslyukov and Gerashchenko personify the Communist presence in the current Primakov government, Vadim Gustov, 50, a former Communist *apparatchik*, represents the regional lobby. A former governor of the Leningrad Region (not to be confused with the mayor of its capital, St. Petersburg), Gustov will handle federation, regional, and local government affairs.

Gustov's presence in the Cabinet is an attempt to consolidate regional leaders under the federal government and curb their separatist tendencies. Eight influential governors who chair the "interregional associations" that unite several larger regions have been invited by Primakov to join the so-called Presidium of the government. This is the inner circle that makes crucial executive decisions. Thus, the regional lobby's influence within the federal government will increase significantly.

**Deputy Premier Gennady Kulik.** The

3. The Russian Parliament's upper house.

4. A weekly paper known for its chauvinism and anti-Semitism.

5. By Jeffrey Sachs, advisor to the Russian government, quoted in Liam Halligan, Craig Mellow, Brian Caplen, and Rachel Katz, "Russia Comes in from the Cold," *Euromoney*, No. 317, September 1995.

appointment of Gennady Kulik, 63, as Deputy Premier in charge of agriculture is another concession to the left. Kulik, a Communist-allied Agrarian Party member, was a CPSU *apparatchik* and agricultural minister in the early 1990s. He is expected to preserve the current agricultural system, which is ineffective and based on collective and state farms that have been formally privatized.

Kulik opposes the private ownership of land and is expected to pursue protectionist policies to shield the agricultural sector from foreign competition. His first official statement maintained that his chief priority was to revive Russian poultry production—which could signal an end to chicken imports from the United States. In light of this, the type of radical agrarian reform that Russia so urgently needs is unlikely under Kulik's guidance.

**Deputy Premier Valentina Matviyenko**, 49, manages the social safety net that includes education, labor, culture, pensions, and employment. She headed the Leningrad Young Communist League in the 1970s and later served as a deputy chairman of the Leningrad Executive Committee (the mayor's office). She headed the Family and Women's Issues Committee in the U.S.S.R. Supreme Soviet in the late 1980s when Primakov was the Speaker. Upon her graduation from the Diplomatic Academy, which trains high-level diplomats, she was appointed Ambassador to Malta. Her last diplomatic position was as Ambassador to Greece.

Matviyenko's political sympathies also lie with the left. In one address, she urged the Education Ministry staff to work under the guidance of the Communist-dominated State Duma. First Deputy Minister Alexander Asmolov resigned in protest.

Matviyenko may find her role as Deputy Premier difficult because the government simply does not have the resources to fund the social security safety nets. Yet her record indicates that, under her guidance, the government will seek to assume as many responsibilities as possible and control regulation and distribution to the detriment of private initiatives.

**Deputy Premier Vladimir Bulgak**, 57, is the least politically engaged of the Deputy Premiers. He was not part of the high-ranking Communist *nomenklatura* and is a typical technocrat whose career was centered in the government's communications system.

Under Primakov, Bulgak will handle the fuel and energy complex, communications, research and development, nuclear projects, and transport issues—a job which demands a great deal of purely technical skill. Since he is a protégé of Boris Berezovski, a powerful oil, gas, and automobile tycoon, he also will be instrumental in lobbying for Berezovski's interests.

**Finance Minister Mikhail Zadornov**. Mikhail Zadornov's age (35), record, and political views seem unusual for a minister in Primakov's government. He has never held a significant position in the Soviet *nomenklatura*. In early 1990s, together with Yabloko party leader Grigory Yavlinsky, he authored the liberal reform program known as the "500 days" plan, rejected by Gorbachev and CPSU conservatives as being too radical and market-oriented.

Zadornov, a close associate of Yavlinski, was elected to the State Duma and chaired the Duma Budget and Tax Committee for two terms. Widely respected as a professional economist, he was appointed Finance Minister in 1997 and is one of the few officials who survived the Cabinet shuffles after Chernomyrdin and Kiriyenko left office. He is expected to proceed with financial reform, but his freedom to maneuver will be restricted.

Zadornov will be subject to pressures from First Deputy Premier Maslyukov and Central Bank Chairman Gerashchenko. Many predict that he will be accused of failing to make any meaningful anti-crisis moves and eventually will be dismissed.

**Labor and Social Security Minister Sergei Kalashnikov**, 47, is another newcomer to the Primakov government. He is the first representative of Vladimir Zhirinovski's Liberal Democratic Party to be appointed to a Russian Cabinet. This is clearly a political appointment meant to appease Zhirinovski, a vocal opponent of Primakov's



premiership. However, unlike other appointees, Kalashnikov, as a former Chairman of the State Duma Labor and Social Security Policy Committee, has a thorough knowledge of the areas he was appointed to direct.

A psychologist by education, Kalashnikov is also an experienced business manager and joined the Liberal Democrats for career rather than political reasons. He may be unable to institute his plans in the current economic environment.

**Tax Service Chief Georgy Boos**, 35, is another atypical political appointee to Primakov's left-leaning government. This young politician is a member of the Our Home Is Russia (OHIR) movement led by ex-premier Viktor Chernomyrdin. OHIR claims to be center-right and sought membership in the International Democratic Union (IDU), which includes as members several Republican members of the U.S. Congress and Conservative members of the British Parliament.

Boos was once a prominent businessman responsible for lighting the streets of Moscow. He was associated with Moscow Mayor Yuri Luzhkov before being elected to the State Duma in 1995 and will be an influential lobbyist for Luzhkov in the Primakov government.

**Economics Minister Andrei Shapovalyants**, 46, was once an official of the Soviet GOSPLAN. Later, he served as Deputy Russian Economics and Finance Minister, First Deputy Economics Minister, and Acting Economics Minister. He has not been among the front-line reformers and has not played an independent political role.

### **Primakov's "Power" Ministers**

The national security-related ministries of foreign affairs, defense, and interior—headed by the "power" ministers—report directly to the President. Neither Chernomyrdin nor Kiriyenko exerted sufficient influence over them. Under Primakov, however, this situation appears to be changing. With Yeltsin ailing and politically weakened, Primakov will assume control of these ministries in the short run. As a former foreign minister, he probably will retain control over for-

eign policy issues. Primakov's choice of a successor in the Foreign Ministry indicates a desire to place loyal people at the head of the national security agencies.

Foreign Minister Igor Ivanov, 51, is a career diplomat with no political ambitions. Before filling the post of First Deputy Foreign Minister, he served at the Russian Embassy in Spain and was the Ambassador there in later years. He is expected to follow Primakov's foreign policy, rarely making independent moves and allowing Primakov to mastermind Russia's foreign policy.

Interior Minister Sergei Stepashin, 46, who is on good terms with Primakov, retains his former position in the new government. Both as Defense and Security Committee Chairman in the Russian Supreme Soviet of the early 1990s and as head of Russian counterintelligence, Stepashin had a close working relationship with Primakov.

The Interior Ministry has not been successful in its efforts to fight crime and corruption. With his record as a former Communist Party political commissar within the Soviet Interior troops (the Russian counterpart to the U.S. National Guard) rather than as a professional law enforcement official, Stepashin will find it difficult to design an effective anti-crime strategy and build an efficient crime-busting network.

Defense Minister Igor Sergeev, 61, ex-commander of Russia's Strategic Rocket Forces, also has retained his ministerial portfolio. He is a professional military man who has proven his loyalty to President Boris Yeltsin and, later, to Primakov. He is the first Russian Defense Minister to launch serious military reform, which is encountering strong resistance from generals and senior officers. He is reported to have serious health problems and may resign in the near term.

### **Other Ministers**

The ministers who head agencies in charge of separate Russian economic branches and sectors fall into two categories. The first group—Boris Pastukhov, Ramazan Abdulatipov, and Vladimir Yegorov—includes ministers with broad experi-

ence in the Communist *nomenklatura*. The second group—Mikhail Kirpichnikov, Georgy Gabunia, Sergei Generalov, Sergei Frank, Nikolai Axyonenko, and Pavel Krasheninnikov—represents a younger generation of professionals with no prior political record.

**Commonwealth of Independent States Affairs Minister Boris Pastukhov**, 65 and a Primakov protégé, headed the Soviet Young Communist League from 1977 to 1982. Before joining the Russian Foreign Ministry as Primakov's deputy, he served as Soviet Ambassador to Denmark and Afghanistan.

**Nationality Policy Minister Ramazan Abdulatipov**, 52, headed the Ethnic Relations Division of the U.S.S.R. Communist Party Central Committee from 1988 to 1990. He later was elected to the U.S.S.R. Supreme Soviet and was made Speaker of its House of Nationalities.

**Culture Minister Vladimir Yegorov**, 50, another former high-ranking Young Communist League member and CPSU *apparatchik*, is in charge of ideology.

**Science and Technology Minister Mikhail Kirpichnikov**, 53, is a biologist and member of the Russian Academy of Sciences.

**Foreign Trade Minister Georgy Gabunia**, 46, is an international economics professional and has spent his entire career in the Foreign Trade Ministry. He will be the chief World Trade Organization (WTO) negotiator for Russia.

**Fuel and Energy Minister Sergei Generalov**, 35, came to the government from the corporate business community. From 1994 to 1998, he served as vice president of a large oil and gas company and deputy chairman of the Bank Menatep.

**Transportation Minister Sergei Frank**, 38, is a sea transport engineer. His education is in foreign trade and law.

**Railroad Minister Nikolai Axyonenko**, 49, has spent his entire career in the railroad system.

**Justice Minister Pavel Krasheninnikov**, 34, is the Primakov government's youngest member. He

graduated from the Sverdlovsk Law School nine years ago and has completed his law degree. Krasheninnikov faces two difficult problems: integrating the penitentiary system he inherited from the Interior Ministry in accordance with the Council of Europe's human rights stipulations, and arresting the growth of extremist organizations, especially the rapidly growing neo-Nazi network.

### **Primakov's Executive Staff**

Primakov personally selects his key staff to regulate the document flow and exercise control over executive decisions. For many years, regardless of the position he held, he has trusted two men: Vice Admiral Yuri Zubakov and Robert Markaryan.

**Chief of Cabinet Staff Yuri Zubakov**, 53, is a former KGB counterintelligence officer. In the late 1980s, he worked in the CPSU Central Committee's Administrative Bodies Department, which supervised the Soviet secret services. He used to be in charge of Primakov's personnel policies, both in the Soviet intelligence division and in the Foreign Ministry. As chief of Cabinet staff, Zubakov is responsible for stopping government information leaks to the media.

**Chief of the Prime Minister's Personal Secretariat Robert Markaryan**, 49, has been Primakov's private assistant for two decades, ever since Primakov held high-ranking positions in the academic community. Markaryan served in the Russian foreign intelligence service (SVR) and the Foreign Ministry in the same capacity.

### **WHAT THESE SELECTIONS MEAN FOR RUSSIA AND THE U.S.**

The Primakov government appears to be left-leaning and backward-looking. Most of its members are guided by their experiences during Mikhail Gorbachev's ineffectual "reforms" of the late 1980s and early 1990s, which were based on an obscure philosophy of "socialist choice" and not designed to develop a true free-market economy. In the early 1990s, these so-called reforms caused an economic collapse in the Soviet Union. If Primakov and his advisers keep all their pledges, Russia will be doomed to years of

runaway inflation, social tension, and a degenerating industrial sector.

Primakov's government is more likely to strengthen its involvement in the economy and restrict economic freedom than to open markets and make them more competitive. Government intervention will only lead to greater protectionism, higher tax rates, spiraling inflation, tougher barriers on capital flows and foreign investment, rigid restrictions on banking activities, stiff wage and price controls, poor protection of property rights, excessive regulation, and a skyrocketing black market coupled with shortages of consumer goods.

Primakov's policies also could seriously affect the national interests of the United States. A departure from free-market reforms would further aggravate the social and economic situation within the Russian Federation. An outburst of popular discontent could give rise to internal violence, and separatist tendencies could increase, hastening Russia's dissolution into a cluster of isolated and poorly governed regions. Such disorder jeopardizes the centralized command and control of nuclear weapons, making them easy prey for unpredictable local leaders, criminals, or terrorist groups. The proliferation of weapons of mass destruction could expand even more rapidly than feared. Such threats severely jeopardize U.S. national security.

Even if the situation in Russia does not deteriorate dramatically, the United States could well face other challenges. To divert popular attention from current hardships, for example, Primakov's government could try to blame the West, and

particularly Americans, for the current crisis—painting the United States as the enemy once again and further handicapping already tense U.S.–Russian relations.

## CONCLUSION

The government of newly selected Prime Minister Evgeny Primakov brings together people who represent very different political orientations, ideologies, backgrounds, and goals. Its controversial composition could render it ineffective, as its members seem to be irresolute or even contradictory. Primakov's choices and actions may indicate his desire not to alienate powerful political and economic forces, such as international financial institutions, people and groups suffering from the effects of the crisis, and the still-powerful oligarchs.

Washington should make it clear that the United States will continue to help Russia through its current difficulties only if Prime Minister Primakov's government clearly and unequivocally demonstrates a commitment to free-market and democratic reforms. The United States also should insist that Primakov's government concentrate on fighting crime and corruption, continue on the path of legal and court reform, respect the property and rights of American investors, and institute tougher measures to ensure nuclear safety and the non-proliferation of weapons of mass destruction.

Without such assurances, U.S. relations with Primakov and Russia inevitably will be fragile.

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