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Goodbye, Prigozhin

On August 23, an executive jet carrying [seven passengers and three crew members crashed near Moscow on a flight to St. Petersburg](#). [Yevgeny Prigozhin](#), the head of the Wagner Group, a private Russian military company, was reportedly one of the passengers. Prigozhin was having an eventful summer. [He had led an apparent mutiny in June](#), but [called off his march](#) on Moscow despite making significant progress toward the capitol after seeming to make a deal with Russian President Putin, and thereafter was seen conducting Wagner business again.

In this report, we will examine four issues. First, is he really dead? Second, if he is dead, who did it and how did they do it? Third, we will discuss the benefits and costs of the Wagner Group to the Russian state. And fourth, we will analyze the potential benefits and costs of his apparent assassination. As always, we will conclude with market ramifications.

Is He Dead?

When reports of the crash emerged, we were almost immediately being asked: [“Do you think he is really dead?”](#) Interestingly enough, there was a possibility that he was not. In 2019, there were [media reports that Prigozhin had died in a plane crash in the Congo](#). Those obviously turned out to be false. [Prigozhin was adept at hiding his movements](#), so some degree of caution about concluding his demise was warranted.

The Russians have conducted an investigation and confirmed that remains [consistent with Prigozhin's DNA](#) were found. Although we are not exactly comfortable relying on a Russian investigation, it is likely Prigozhin did die in the crash. [Other senior members of the Wagner group also died in the crash](#). And so, not only did Wagner lose its leader, but the group also lost important elements of its hierarchy.

Who Did It, and How Did They Do It?

These two questions are much more interesting. There were several parties that would have been more than happy to see Prigozhin dead. Here is a short list:

President Putin: Prigozhin was a good friend of the Russian president. Not only was he Putin's personal chef for a period of time, but the Wagner Group also did the “dirty work” for the president.

Authoritarian leaders are usually a bit paranoid. Often, they gain their positions through intimidation and violence and therefore worry about trusting people around them. Adolf Hitler didn't completely trust the military, so he created a separate group, the SS, to compete with the regular army. Saddam Hussein did something similar with his Republican Guard. Because Putin trusted Prigozhin, he felt comfortable assigning him operations. Thus, [Prigozhin's mutiny was an unacceptable affront](#).

Those in Putin's inner circle: Putin's trusted inner circle members are always vying for power. Prigozhin appeared to be one of Putin's favorites, so eliminating him meant fewer important people to contend

with which could raise the stature of other members surrounding Putin.

The Russian military: Prigozhin constantly belittled and complained about the regular military's campaign in Ukraine. He was constantly trying to force the military to divert resources to his company and when Wagner failed to make gains in the field, Prigozhin blamed the military for their lack of support. Also, during the mutiny and Wagner's march toward Moscow, the group reportedly downed some Russian military aircraft. There was no love lost between Prigozhin and the regular military.

Ukraine: Prigozhin ran [a particularly brutal campaign around Bakhmut this year](#), sending waves of convicts against entrenched Ukrainian positions. Although the Wagner Group took huge losses, neither the Russian military nor the Wagner leadership seemed all that concerned, viewing the lost members as “expendable.” The campaign made Prigozhin unpopular in Ukraine which would have made him a target of the Ukrainian military.

United States: Prigozhin founded the [Internet Research Agency](#) that meddled in the U.S. presidential elections by peddling misinformation. In addition, Wagner was pitted against U.S. troops in Syria. Although it would have been an audacious act by the U.S. to assassinate Prigozhin, it isn't out of the realm of possibility that Washington could have ordered it. At the same time, the gains the U.S. would have seen from this death seem rather small compared to the risk of exposure.

Initial reports suggested that Prigozhin's plane was [downed by a missile](#). This narrative was favorable to Putin, as he could argue that an outside nation—the U.S. or [Ukraine](#)—was responsible. However, the

wreckage evidence suggests that an [explosive device](#) onboard the aircraft was the [most likely culprit](#).

In events like this assassination, there is a tendency to look beyond the obvious to see what might have *really* happened. It is possible that Prigozhin faked his own death to escape Putin's grasp, or perhaps that Putin wanted to make him appear dead only to have him continue doing the same “dirty work” that he did before. Although these scenarios are possible, they are probably unlikely. First, [there is a long list of people](#) who have run afoul of President Putin who have died under suspicious circumstances. Unfortunate accidents are common enough and a plane explosion fits the pattern. Second, Putin is a [strongman and such leaders cannot tolerate being made to look weak](#); allowing Prigozhin to get away with mutiny would invite “[contenders to the throne](#).”

A good guide to events such as these is the law of parsimony, often called *Occam's razor*, which is that the simplest explanation for an event is usually the safest bet. As we note, Putin abhors disloyalty and Prigozhin's mutiny was a clear case of that, so Putin had the most incentive to assassinate him. That doesn't mean others didn't have motives, but the most obvious culprit is probably Putin.

What Are the Costs and Benefits of the Wagner Group?

One of the key components of statehood is a monopoly on violence. Thus, governments tend to exercise caution with armed groups that are not under their direct control. Although private security and paramilitary groups exist in most nations, governments tend to keep a close eye on them. Leaders that allow such groups to operate must accept that they may not have complete

control. In other words, members of a group like Wagner may be more loyal to the leader of the group and less so to the state. In addition, such groups tend to be expensive. Wagner, before Prigozhin recruited prisoners for the Bakhmut operation, [tended to employ seasoned military veterans](#). Prigozhin usually paid them well which engendered loyalty from his “employees.” But because at least some of Prigozhin’s revenue came from the Russian state, there was an element of higher costs for Moscow.

However, there were clear benefits too. Wagner had well-trained veterans who were generally competent. Since they were not directly controlled by the Russian state, the operations Wagner undertook had an air of plausible deniability. They could also operate without the constraints of a state-controlled military. [Wagner often operated in difficult regions](#); in Africa, it was active in the Sahel and in Libya during the civil war. Because they were not directly state controlled, Wagner members were considered expendable. [There was a battle in Deir ez-Zor in Syria between U.S. forces and Wagner](#) where American forces routed the Wagner fighters, killing hundreds. There was no response from Russia regarding the event, suggesting that the Kremlin viewed Wagner casualties as acceptable.

Clearly, Putin calculated that the benefits of allowing Wagner to exist exceeded the costs. This calculation only made sense if Putin believed that he could rely on, and in fact, control, Prigozhin. It’s also possible that Putin didn’t trust his regular military, since as we noted above, this is a common characteristic of authoritarian leaders. He may have felt he needed Wagner as a counterweight. It’s important to note that Gen. Sergei Surovikin, who competently led operations in Syria, [has been removed from](#)

[his post as head of the air force](#). There were reports he had advance knowledge of the Wagner mutiny and chose not to share it. Surovikin was placed under house arrest after the mutiny. He has been [released from custody](#), but given Putin’s reputation, we would recommend caution on his part. Putin may fear that Prigozhin had compromised parts of the military as well.

In the weeks before the mutiny, Putin appeared to be hedging his bets on Wagner. He instructed Prigozhin to fold his group under the authority of the Russian military. Prigozhin had been publicly attacking the military, accusing it of denying resources to Wagner. Essentially, there was an elite conflict between members of Putin’s inner circle, and in the end, Putin sided with the Russian state apparatus. Prigozhin lost this battle and thus responded with a mutiny.

The Costs and Benefits of Eliminating Prigozhin

As noted above, [Putin appeared to be trying to bring Wagner under state control](#), but this would mean that the group would lose some of its attractive features. First, plausible deniability would be lost. A state-controlled Wagner probably can’t act with the same degree of impunity as it did as a private entity. Second, [Prigozhin was popular](#). Wagner’s operations in Africa were supported by several central African nations and were seen as an alternative to either the U.S. or European powers. [It’s not obvious if these nations will view the Russian state in the same manner](#). In other words, [it’s possible Russia’s influence in these areas may dissipate without Prigozhin](#). Putin has already [sent military officials to areas where the Wagner Group operated in Africa](#). It’s not obvious how they were received. Third, there is no guarantee that the members of Wagner [will accept being folded into either the military or other state-run intelligence](#)

[agencies](#). [Putin is already trying to secure their loyalty](#), but we would be surprised if he receives complete compliance. It's worth noting that [key members of Wagner's leadership died](#) in the crash ([though not all did](#)). Thus, Putin may not have the luxury of using a high-ranking Wagner official to hold the group together.

There are reports Putin is trying to encourage Wagner Group operatives to join elements of the GRU, Russia's military intelligence. The most likely group would be [PMC Redut](#), which operates in a similar way to Wagner, but is part of the GRU. We do note that there have been unconfirmed reports that Andrei Troshev, thought to be a worthy replacement for Prigozhin, defected to PMC Redut. These reports may be designed to sow uncertainty among the remaining members of Wagner. There are other actors trying to secure the services of the Wagner Group remnants. [President Lukashenko is said to be recruiting Wagner members](#) living in Belarus to join his private military company.

Assassinating Prigozhin has benefits as well. [Russian elites now know](#) that no matter how long one is a friend of Putin's and no matter how useful they have been, [disloyalty is unforgivable](#). The [Russian elites can see that no one is safe](#) and [that compliance with Putin's wishes is of utmost important](#). It is also likely that the delay in Prigozhin's assassination serves to accentuate this effect. The old line that "revenge is a dish best served cold" shows that Putin never forgets.

And, even with the caveats described above, Putin may be able to bring Wagner under control. If he can, he gains their expertise, but more importantly, the group will no longer be an uncontrolled element. We assume that a large contingent of remaining members of Wagner are residing in Belarus. This fact may [give Putin leverage over Lukashenko](#), who may need Russian help if these Wagner members decline to join Lukashenko's private military and instead become "restive."

Still, there is no doubt that the mutiny can't be unseen. Although assassinating Prigozhin buys Putin credibility in the short run, [his miscalculation of Prigozhin's loyalty suggests a serious error of judgement](#). Members of Putin's inner circle are likely to try and take advantage of this weakness.

Ramifications

The market ramifications from Prigozhin's assassination are likely modest at best. It may extend the war in Ukraine. Wagner was generally more effective than the Russian military and so gains may be harder to come by. The longer the war goes on, the more military spending will be supported. It is also possible that the loss of Wagner leadership in central Africa, an area rich in key commodities, may create an opening for influence from other nations. We expect China and the U.S. to step up efforts to fill this void. The winner should have access to these key commodities.

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