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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Private Meeting with Prime Minister John Major of the United Kingdom

PARTICIPANTS: The President
Alexander Vershbow, Senior Director for European Affairs, NSC Staff, Notetaker

U.K.
Prime Minister John Major
Roderic Lyne, Private Secretary, Notetaker

DATE, TIME April 4, 1995, 12:05 - 12:45 p.m.
AND PLACE: Oval Office

The President: How has your trip being going? (U)

Prime Minister Major: I arrived Sunday night. (U)

The President: I hear you spent an hour and half with the Vice President this morning. (U)

Prime Minister Major: Yes, we had a good breakfast meeting and covered a lot of subjects. A lot of the time was spent on Northern Ireland. (C)

The President: How was the dinner last night? (U)

Prime Minister Major: There was a good cast of characters. (U)

The President: Were there any Senators there? (U)

Prime Minister Major: About half of the Foreign Relations Committee was there. The guests included Senators Pell, Warner, Lugar, Simpson and Congressman Gephardt. (U)

The President: Were any of them for lifting the arms embargo? (C)

Prime Minister Major: Some of them were. (U)

Roderic Lyne: Senator McCain kept his mouth shut. (U)

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The President: Did your discussion do any good? (U)

Prime Minister Major: [REDACTED]

[REDACTED]
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[REDACTED] there will be tremendous pressure on the U.S. to act. That is a shorthand description of the case that I made. (C)

The President: Did any of them contest your arguments? (C)

Prime Minister Major: No. One of them raised the moral dimension. I said that there were two moral dimensions. [REDACTED]

[REDACTED]
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The President: That is exactly my problem. (C)

Prime Minister Major: [REDACTED] EO 13526 1.4b, 1.4d

[REDACTED] No one argued against me, although that doesn't mean that they agreed with me. I said the same thing to the House International Relations Committee and the Senate Foreign Relations Committee. (C)

The President: I might win on this in the Senate. Last year, however, the House voted overwhelmingly for unilateral lift. (C)

Prime Minister Major: I made the case to Senator Dole too when I met with him. I was very blunt and said lifting the embargo would be a mistake. (C)

The President: How did Dole react? (C)

Prime Minister Major: He also did not contest my arguments, although he did not respond substantively. He had heard my arguments before when he visited Number 10. He said his resolution might come to a vote in May, but he did not respond to the merits of my argument. (C)

The President: We just have to keep chipping away. I think we are gaining ground on this issue. I ask members of Congress how we can tell the Europeans what to do when we don't have ground forces in Bosnia. (C)

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Prime Minister Major: How do you judge the political
issue?

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... are you going to force a veto? (C)

The President: That is just it. Even though we are better at running the government, the Republicans are better politicians. They want to have the best of both worlds -- to pass unilateral lift legislation and then force me to veto it. They would have the benefits of supporting lift without the consequences. At the same time, if we stick with our current policy, everything could go to hell and we could get blamed for that too. (C)

Prime Minister Major: We have both been very unlucky to have this insoluble problem on our plates. (C)

The President: We are in the same pickle on the economy. We get no credit for having a sound economic plan. This is the first time in history that we have generalized prosperity that does not translate into increased personal security. (C)

Prime Minister Major: Mickey Kantor told me that the American economy is getting better and better, yet people think the country is going to the dogs. We have the same problem in the UK. No one sees the gains. (C)

The President: Every story in the media emphasizes the insecurities that people now have. A case in point is Money magazine. It is widely read and its readers are well educated; although they are not rich, they are comfortable. Money did a readers' survey two years ago in which 43% of the people were worried about their own future. Today, even though people give me credit for reducing the deficit and strengthening the economy, 65% are worried about the future. The problem is that there is so much publicity when bad things happen that everyone knows someone who has been hit by downsizing. (C)

Prime Minister Major: Yes, I saw stories in the paper today about downsizing. The same thing is happening in the City of London. Big cuts are taking place in the banking sector. Reducing overstaffing is a good thing, but it accentuates the gap between rich and poor. So we are hearing the same echoes in our country. (C)

The President: This is the central problem of our time. The whole idea of progress is being questioned. The purveyors of progress are at risk in both political parties. The people are very susceptible to divisive politics. This is seen in the rising opposition to affirmative action, welfare, and immigration. Another manifestation is that religious groups are getting more active as people look for refuge in the big

evangelical churches. The Christian Coalition has become an arm of the Republican right. (C)

Prime Minister Major: This is a problem that we don't have in Britain. (C)

The President: It is hard for people to feel secure in the global economy. There are objective reasons in the U.S. for people's insecurity. After the war, growth was very even among all classes, but the poor did somewhat better, growing 140% of the average. Between 1978 and 1990 however, the bottom 60% stayed about the same. The next 20% increased their income by 5% and the top 20% increased by 18%. Part of the reason for this is the expansion of the job market to accommodate the baby boomers. (C)

Prime Minister Major: But you have had job expansion in the last two years as well. (C)

The President: The introduction of the baby boomers, more women and immigrants has caused a drop in incomes. The globalization of the economy has been part of the problem. Moreover, we do not have national health care and, when people they lose their jobs, they lose their retirement and health insurance. A smaller part of our workforce under 65 has health insurance today then did so ten years ago. (C)

Prime Minister Major: This defies logic. (C)

The President: As fewer people are insured, the rates go up. The insurance companies don't want to insure sick people and the young and healthy people can't afford to buy insurance and expand the pool. The ultimate success of the free market may help, but keeping people in line is increasingly difficult. The media and the objective reality have made change a more ever-present factor in people's lives. How to balance change with a sense of security, and to support things like affirmative action, is a real challenge for all the advanced countries. (C)

Prime Minister Major: Your political position seems to have improved. (C)

The President: Yes, I am doing better in the polls. The media demonized me so much over the first two years that the intensity now is falling off. People are more open to what I am trying to do. I've gone from 45 to 48%. (C)

Prime Minister Major: Do you think a third-party candidate will run in 1996?

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The President: This would help me unless it is a candidate of the left like Jesse Jackson (except for the fact that a left-wing candidate would make me look more moderate than liberal, which is a dirty word in this country). (C)

Prime Minister Major: Will Perot run? (C)

The President: I don't know. The White House has a good working relationship with Perot; NATFA was an exception. Based on today's facts, a Perot candidacy would help me. If he had not run in 1992, I would have had a larger popular vote, yet a lower electoral majority. My mandate would have looked stronger (about 54 to 46%) but I would have won about 50 fewer electoral votes. What is interesting about the Perot people is that they think they are more conservative. They certainly want tax cuts and a balanced budget, but they are also very secular and hate the religious right. There are more nationalistic and, in this respect, have done worse economically than the typical Clinton voter. I tend to get the progressive yuppies who are in favor of a free market with a social conscience and don't like the divisiveness of the Republicans. Perot's voters simply want protection. (C)

Prime Minister Major: We have a similar thing in reverse. Liberal party voters are increasingly disillusioned. They could never vote Labor, yet they think the Conservatives are too centrist and are moving away from them. (C)

The President: Won't they begin to come back to you if the economy improves and on the strength of your international policies? That would suggest a strategy of not going too early to new elections. (C)

Prime Minister Major: Yes, I need to go all the way through to 1997. (C)

The President: Look at the shape that Kohl is in now. (C)

Prime Minister Major: Yes, Labor has a big lead now, but it is ephemeral. Many people are looking for reasons to vote for the conservatives. Our people are not better off yet, so I need to wait for the full five-year period to run out before holding elections. (C)

The President: The global economy is a good thing. It means more jobs without inflation. But the flip side is that for the foreseeable future there is little chance it will make people feel more secure. (C)

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Prime Minister Major: The shocks people have endured to their personal security -- in terms of job security and savings -- are very real. It will take time for people to recover. Wages are not rising but employment is increasing. Over the next two years we expect a massive return of voters and I will play it long. Dr. Johnson's principle is that if you are about to be hanged, it concentrates the mind wonderfully. That argues for playing it long. I think things have bottomed out in Britain, or I certainly hope they have. (C)

The President: Do you have the same perception of the gap between the classes becoming greater in Britain? Here we are developing into a two-track middle class. In 1993 we had the largest number of new businesses and new millionaires, yet the middle class has been stagnating. (C)

Prime Minister Major: It is not quite the same in Britain but it is similar. (C)

Roderic Lyne: The Labor Party is trying to create the impression that the top half of British society has become richer, but this is not widely believed. It depends on stretching the statistics. The problem we have is that people are not confident enough about the future to spend money. (C)

Prime Minister Major: That is right. Our recovery has been based solely on investment and trade, not on consumption. We have been taking markets away from the French and the Germans. We have a current-account surplus with Japan. We are exporting cars, TVs and medium and high-tech equipment to Japan. There was a lot of Japanese investment in the UK in recent years and we are now selling back to Japan. Financial services are also a big source of foreign exchange, although we need to open up that market more. (C)

The President: I certainly agree with that. (C)

Prime Minister Major: EO 13526 1.4b, 1.4d
 We need to agree on our lines before we have our press conference. I also wanted to discuss a few things here. If we look at American perceptions of Western Europe, we may be appearing to be increasingly insular and isolationist. The same could be said about Western European perceptions of America. We no longer have the common enemy -- the dragon of the Soviet Union. I would like to explore with you what we can do collectively to extend areas of common interest. A lot could be done to open up free trade, to reduce non-tariff barriers in areas like audio-visual services. We should create a wider free trade relationship between Western Europe and North America. Looking to the press conference, we need to have clear lines on

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Northern Ireland, Bosnia, Iran, Iraq, and Russia. We might divide up the obvious questions. (C)

The President: My major objective for this whole visit is to reaffirm the many things on which we are working together. We are creating conditions for a world with precedent. On balance, I think we've been working together in harmony. Moreover, we have record levels of investments in both direction. What can I say that would be most useful on Northern Ireland? You have risked so much to move things forward. I could emphasize that we anticipate and expect serious discussions of decommissioning forthwith. If pressed, I can also say that decommissioning cannot be linked to the British soldiers and police in Northern Ireland. (C)

Prime Minister Major: We have had another meeting with Sinn Fein today. We have already agreed upon an agenda for talks with the Protestant Loyalists which have created the basis for a ministerial dialogue. We have made a lot of progress with them (more than we have admitted publicly) on getting rid of the weapons. We are close to an agreement with Sinn Fein that would permit us to move from the official to the ministerial level. The agenda would cover decommissioning and a range of other issues.

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As we make progress on decommissioning, we will make our own decisions on the basis of the security environment. We have already taken out some troops a few weeks ago, and we are prepared to tell Sinn Fein what we are going to do as we go along. So if you say that Sinn Fein needs to discuss decommissioning and not link it to the army and police, it would be very helpful. (C)

Roderic Lyne:

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this needs to stop. (C)

The President: If I were a Loyalist, I wouldn't think of giving up my arms. (C)

Prime Minister Major: The Loyalists won't give up their arms until the IRA does. They will agree on the arrangements, but not implement them until the IRA agrees to do the same. (C)

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The President: We need to identify the 3 or 4 most difficult questions and get our answers straight. (C)

Prime Minister Major: One question is obviously the status of our overall relationship. There has been a lot of rubbish written on this. Looking at the broad strands, we have a common view on a broad range of subjects. We cooperate on security and intelligence issues, the UK has Trident missiles on its submarines and may soon have Tomahawks. These are just some of the many practical illustrations of the absurdity of claims that the special relationship is dead. I have never used the phrase special relationship; we usually speak of a very close relationship. (C)

The President: We may get all the hard questions on our relations from the British press. The American press may ask me other questions such as about the CIA and Guatemala, the latest Republican tax relief proposal that will allow self-employed people to buy health insurance, cut tax breaks for minority media, but give a huge benefit to Rupert Murdoch. I have to decide whether to veto this bill or to sign it while excoriating the Congress for including this benefit for Murdoch.

-- End of Conversation --