

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Working Lunch with Prime Minister John Major  
of the United Kingdom

PARTICIPANTS: The President  
The Vice President  
Warren Christopher, Secretary of State  
John M. Deutch, Acting Secretary of Defense  
Leon Panetta, Chief of Staff  
Anthony Lake, Assistant to the President  
for National Security Affairs  
William Crowe, Ambassador to the UK  
Richard Holbrooke, Assistant Secretary of  
State for European and Canadian Affairs  
Alexander Vershbow, Senior Director for  
European Affairs, NSC Staff

U.K.  
John Major, Prime Minister  
Robin Renwick, Ambassador to the U.S.  
John Ward, MP, Parliamentary Private  
Secretary  
Alex Allen, Principal Private Secretary  
Roderic Lyne, Private Secretary for Foreign  
Affairs  
Christopher Meyer, Press Secretary  
Peter Westmacott, Political and Congressional  
Counselor, British Embassy

DATE, TIME April 4, 1995, 1:00 p.m. - 2:30 p.m.  
AND PLACE: Family Dining Room

The President: (After exchanging pleasantries about the NCAA basketball final and the First Lady's trip to South Asia) I know you had a long meeting with the Vice President this morning. There are several things, however, that we should still discuss. We have already reviewed what you have said to members of Congress about Bosnia. It would be helpful to us, to maintain support for our current policy, if we could strengthen UNPROFOR. What are your thoughts? (E)

DECLASSIFIED IN PART  
PER E. O. 13526

2012-0801-11 05/26/16 KDE

~~CONFIDENTIAL~~

Declassify on: OADR

CLINTON LIBRARY PHOTOCOPY

Prime Minister Major: I would like to look at what exactly could be done. I have an open mind. We will be happy to do what can be done safely. What specific ideas do you have in mind? (C)

The President: We are thinking of things such as enforcing the anti-sniper agreement in Sarajevo, keeping the airport open, and the like. (C)

Secretary Christopher: UNPROFOR could be given new and better weapons. It could be given general guidance on when it should agree in advance that NATO airpower could be called in. We should devise a menu and have the Contact Group work it through. Making UNPROFOR more robust will be critical to keeping the Bosnians in a frame of mind conducive to continuing the ceasefire. The Prime Minister's statement of readiness to look at the options with an open mind represents a positive reaction. (C)

The President: I am sensitive to putting UNPROFOR troops at greater risk, but we are walking a tightrope. While we don't want to put the people at risk, we don't want to see UNPROFOR emasculated either. I don't want to be publicly at odds with you on this, since you have ground forces in Bosnia and we don't. But keeping UNPROFOR effective will be necessary to restrain the Bosnian government and help contain pressures here to lift the arms embargo. (C)

Prime Minister Major: Anything that is credible and safe and can ease the possibility of unilateral lift, as well as ease the possibility of the Bosnian government continuing to seek small military gains with the inevitable Serb response, would be advantageous. We would be happy to work bilaterally or within the Contact Group. May I ask what Chris has in mind by better weapons. Does he mean heavier equipment? (C)

Secretary Christopher: Not necessarily. The Ministers of Defense focused on equipment like night-vision goggles. Such things could make the troops more effective. (C)

Prime Minister Major: Our troops are already well equipped. When they are fired upon, they fire back. Other troops, such as the Bangladeshis, may not be so well equipped. General Rose had instructions to fire back twice when he was fired upon. I would be surprised if our troops need any the new equipment. (C)

Ambassador Renwick: Rose's successor, General Smith, is taking the same tough approach, [redacted] EO 13526 1.4b, 1.4d  
[redacted]

Deputy Secretary Deutch: It would be helpful if General Shali got together with Sir Peter Inge to develop a list of options. (C)

Prime Minister Major: Yes, they have a direct line between them. (C)

The President: Let's talk about Iraq. We believe it is important to take a firm line on sanctions. We don't believe that Ekeus will report that the Iraqis are in full compliance with UN resolutions. You have been very supportive, although I know there are many humanitarian concerns in Europe about the impact on the Iraqi people. (C)

Prime Minister Major: I got hit by King Hussein regarding the deteriorating humanitarian situation. (C)

The President: There is a large Iraqi-American community in Michigan which is beating me up on this issue. But we offered the Iraqis the flexibility to sell more oil to support humanitarian purchases and they rejected it. We can't give in on sanctions. (C)

Prime Minister Major: There is no difference between us on this issue, but we could find ourselves isolated in relationship to the others. As you said, there is a UN Security Council resolution that would enable the Iraqis to sell oil, but they won't use it. I heard Congressional views last night. When people see large numbers of people starving, however, they may take a contrary view. Nevertheless, I agree we should not lift the sanctions until they comply with the UN resolutions in full. You should have no doubt about our position. (C)

Ambassador Renwick: A lot of the other Europeans are pressing for more flexibility. (C)

The President: How much of this is motivated by humanitarian concerns and how much by commercial interests? (C)

Ambassador Renwick: EO 13526 1.4b, 1.4d

Prime Minister Major: EO 13526 1.4b, 1.4d

We will need to be firm and you can be certain about the UK's position on this. (C)

Anthony Lake: I don't think we will be in bad shape regarding the next extension. The Iraqis have rejected the proposal before we even made it. The Ekeus report won't be clear. (C)

CONFIDENTIAL

4

Prime Minister Major: [REDACTED]

[REDACTED] EO 13526 1.4b, 1.4d

[REDACTED] The Queen of Jordan was away during my visit, but the Prime Minister's wife took the same tack as the King. This was very surprising. I don't think it was raised by accident. [REDACTED] 1.4b, 1.4d

Secretary Christopher: It is hard to discuss Iraq without discussing the Turkish operation in Northern Iraq. This is still an unresolved problem. (C)

Richard Holbrooke: The Turkish Foreign Minister is here in town. Strobe Talbott and I will be going to Ankara next week and Prime Minister Ciller will be here in two weeks time. These will be important opportunities to resolve this issue. (C)

The President: How has the UK reacted so far? (C)

Prime Minister Major: [REDACTED]

[REDACTED] EO 13526 1.4b, 1.4d

The President: They are just chasing the PKK around. Bill, what do you think? (C)

Ambassador Crowe: I think that the operation will be unsuccessful even if we leave them to their own devices. (C)

The President: The operation won't succeed even if they stay another three or four weeks. At the beginning of the operation, Prime Minister Ciller called to explain what they were doing. During their previous operation in 1992, we were less reserved in our criticism. Given the internal situation in Turkey, we have been very reserved publicly. [REDACTED]

[REDACTED] EO 13526 1.4d

CONFIDENTIAL

CLINTON LIBRARY PHOTOCOPY

CONFIDENTIAL

5

Prime Minister Major: [REDACTED]

EO 13526 1.4b, 1.4d

Ambassador Renwick: We went out on a limb to get the Customs Union approved. (C)

The President: The strategic realities haven't changed much in the last few years in Northern Iraq. (C)

Richard Holbrooke: The Foreign Minister may tell us that the Turks will set a date. The Turkish Ambassador hinted about this in a meeting with Strobe Talbott. The military may be trying to undermine the Prime Minister. [REDACTED]

EO 13526 1.4d

[REDACTED] Turkey is the front-line state in so many respects. (C)

Prime Minister Major: Are they close to setting a date for withdrawal? (C)

Richard Holbrooke: We will know more when we meet with the Foreign Minister. (C)

Prime Minister Major: [REDACTED]

EO 13526 1.4b, 1.4d

Richard Holbrooke: They have asked for a full review of Provide Comfort. That operation is at a crossroads too. (C)

Ambassador Renwick: If we can't persuade them to preserve Provide Comfort, we will have a big problem. (C)

The President: [REDACTED]

EO 13526 1.4d

The Vice President: We have some months since Provide Comfort was just renewed. (C)

Richard Holbrooke: [REDACTED]

EO 13526 1.4d

[REDACTED] but this still shows the danger. (C)

The President: Can we turn to the Middle East? I understand you have forgiven Jordan's debt. (C)

Prime Minister Major: We have forgiven a great deal of Jordan's debt. Overall, we are happy with our relations with Jordan. The only difficulties occurred during the Gulf War. (C)

The President: What is your assessment of the Palestinians? (C)

CONFIDENTIAL

CLINTON LIBRARY PHOTOCOPY

Prime Minister Major: I visited the Gaza Strip during my trip. I must say, I never expected that I would be standing on a red carpet in Gaza next to Yasir Arafat and hearing bagpipes played in my honor. (C)

The President: What are you going to do with the Palestinians? (C)

Prime Minister Major: [REDACTED]

EO 13526 1.4b, 1.4d

The President: The dilemma is that the only way to get a lot of money into the Palestinian areas in a hurry is to reopen the borders. (C)

Prime Minister Major: [REDACTED]

EO 13526 1.4b, 1.4d

Secretary Christopher: I am a little more optimistic. It depends on what day you visit. The Israelis still seem committed to the road map between now and July. [REDACTED]

EO 13526 1.4d

He has suggested increasing the number of workers from 20,000 to 25,000. Rabin is haunted by the settlement issue. How can he give greater governance to the Palestinians in the West Bank and maintain the security of the settlements? The settlements could become encircled camps. The difficulty of this issue could lead Rabin to focus more on the Syrian track; as difficult as it is, it is a question of borders. But still, since it is so integrated in their long-term goals, Arafat and Rabin might reach agreement by July 1st. There might not be a total redeployment, but the elections and increased West Bank governance could go forward. There might need to be a package. We need to get in more economic aid and achieve more Palestinian action against

CONFIDENTIAL

7

terrorism. In Gaza yesterday there was a happy event of sorts, when a Hamas terrorist blew himself up. (C)

Ambassador Renwick: They scored an own goal. (C)

The President: Are you going to give any money to the Palestinians? (C)

Prime Minister Major: We will give some assistance, but not much. (C)

The President: If the borders are not politically feasible, we will need to do some highly visible things that can provide psychological relief. (C)

Prime Minister Major: I spoke with some of the CEOs of big UK corporations. I encouraged them to do specific projects in the Palestinian areas. A few of them are following up. (C)

Secretary Christopher: It is disappointing that Palestinians outside the region are not responding. There has been little Palestinian investment. It's surprising if one compares this with other examples of emigres supporting their homeland. In the Palestinian case, they are not prepared to take any high risks and treat the Palestinian lands as they would investments anywhere else. (C)

Prime Minister Major:

EO 13526 1.4b, 1.4d

The Vice President: I had a productive exchange with Arafat on that point. I used it as a wedge to describe our reinventing government ideas. I suggested he consider a hiring freeze and a firm budget. Some of his advisers were interested and asked specific questions. It is clear that his ability to get a favorable response from other Arabs will depend on establishing confidence that he is not throwing foreign assistance away. (C)

The President: We will have to keep plugging away on this. (C)

Prime Minister Major: Can we talk about Halifax? You will recall that in 1994 in Naples, we agreed that we would reexamine the international economic institutions. We have done a lot of work on the international financial institutions, on the way that we deal with poverty in the world, on the overlapping UN agencies dealing with the environment and economic assistance. We have

CONFIDENTIAL

CLINTON LIBRARY PHOTOCOPY

also been thinking about what we might do on conflict prevention, crime, drugs and money laundering. Down the road we will produce a series of concrete proposals. We would like to make sure that the review at Halifax is not just a casual chat with few concrete results. We believe there is scope for rationalizing the IFIs. We also think we should look at the UN agencies since there is an enormous amount of duplication that is wasteful. If the G-7 can reach an agreement on rationalizing these agencies, it could ease your Congressional funding problems with respect to the UN and help make the UN a more effective instrument for the 21st century. We should see if our thinking is developing in the same way. There is a lot of overlap in how we deal with issues like sustainable development and the environment. Given the limited resources available, we need to consolidate these efforts. How far have you gone in your own examination of these issues? It would be a real advance if all of us at Halifax came out in favor of reform. (C)

Secretary Christopher: I welcome your statement. We are working on the same kind of road map for Halifax, focusing on reform of the IFIs and the UN. This whole problem was dramatized by the Mexican experience. It illustrated the need to create a mechanism for dealing with international bankruptcy problems. We may need more Sherpa meetings and further bilateral consultations as well. We agree that if Halifax does not produce results, we will pay a heavy price in Congress. We need to think about how to deal with a future Mexican crisis, or even worse, two such crises at the same time. Had there been two Mexican problems, we would have failed. In sum, what we did at Naples was even more relevant than what we thought at the time. (C)

Laura Tyson: Our efforts have been redoubled following the Mexican crisis. We have had extensive internal meetings. On the UN, we are in agreement on the need for restructuring. International bankruptcy is an important question to discuss both at Halifax and afterwards. It will be difficult to come up with specific proposals before Halifax, but we are working on it. (C)

Prime Minister Major: We want a more concrete result in Halifax than just a discussion. (C)

The President: Let me give my perspective on the international financial institutions. If our objective is to encourage democracy, the integration of markets, and the development of market economics in the developing countries and the countries of the former Soviet Union, we need to answer the following question: Are the institutions that we have adequate to the task or do we need new policies? For example, in countries like Russia and Poland we need to think through the question of

strengthening the social safety net. On the question of a mechanism to deal with international bankruptcies, if our premise is that some countries will succeed but then fail, they will become targets for speculators. Mexico had a booming economy yet it could not protect its own currency. There is a danger of the Mexican problem repeating itself in countries like Argentina and Brazil, if people take out their money suddenly. We may not be able to find a solution, but that is not a happy prospect. Therefore as we limit chemical weapons and biological weapons, we also have to deal with the problem of new developing economies that grow for a time and then have the rug pulled out from under them. (C)

Alex Allan: We have a lot of sensitivity about using the word bankruptcy for countries, but we agree we need a better system for dealing with problems like Mexico. Part of the solution may be better monitoring and surveillance. One has to say that the IMF slipped up in not forecasting the Mexican crisis. The crisis may not have emerged in such a rush had we had some advance warning. Regarding the World Bank we hope that Jim Wolfensohn will do a lot. He has some good ideas. The World Bank is a good institution but it has become too big and its focus has become blurred. (C)

The President: I have a lot of confidence in Wolfensohn. (U)

Prime Minister Major: We will put together our concrete ideas. There is an advantage in concerting our efforts. Alex will come over to talk with his counterparts. (U)

The President: At Naples, the two of us were more interested in this question than the other five members of the G-7. (C)

The Vice President: There are a lot of other items on the world agenda than the IFIs such as sustainable development. These missions are new and still evolving; they need direction. Look at countries like Sierra Leone or Haiti. One can see how environmental devastation helped contribute to the disintegration of society. Similar problems occurred in Rwanda and Burundi and the countries of Southeast Asia. It is apparent that over the next decade the world is going to need to pay more attention to a whole complex of factors, to keep control over developments like environmental decay, depletion of fish stocks, and destruction of farm lands. (C)

The President: Let's turn to Russia. (C)

Prime Minister Major: We don't have any different views on Russia. I don't know what Yeltsin will do.

EO 13526 1.4b, 1.4d

EO 13526 1.4b, 1.4d

You were right to go to Moscow in May. (C)

Regarding economic reform, Chernomyrdin has outdone what we have expected of him. I initially thought the international financial institutions were demanding too much, yet Chernomyrdin has done better than I imagined. Looking to the next few months, we have no idea what will be the composition of the next parliament. [REDACTED]

EO 13526 1.4b, 1.4d

[REDACTED] It is not clear who his opponents will be or whether Yeltsin himself will run for reelection. (C)

With regard to the Paris Club application for debt deferment, we are not big creditors so we could agree to a three-year program. But we don't feel strongly about this. If others have different views, we will be sympathetic. [REDACTED]

EO 13526 1.4b, 1.4d

The President: The Russians have a compulsion to be part of every club. (C)

The Vice President: Yes, they want to join the Paris Club and NATO, and have a special relationship with the U.S. (C)

The President: We don't know the answers ourselves about what will happen in Russia. It is still in our self-interest to stay engaged with Russia. Our two countries' position has not changed on this. I am more concerned that the Russians may want to have it both ways. On the one hand they want to appear helpful and be members of the clubs; on the other hand, they are playing up the notion that Russia is being disrespected. When the Vice President met Yeltsin in his hospital in December, they had a good meeting about how to develop relations with NATO. Yet, since then, they have been clearly backing off. Their objections are only stoking the fears of those countries who want to be members of NATO. I thought that if we could get an understanding with the Russians, we could achieve some level of comfort and tone down the rhetoric. We could then build up Partnership for Peace and joint exercises. I thought we could proceed at a deliberate pace, but my current feeling is that Yeltsin is mishandling the issue. This affects his interests more than ours, apart from the discomfort of the public exchanges. Anything that we can do in May to get him more centered on the issue would be helpful. When we stay away from Yeltsin, domestic politics begin to affect him. (C)

CONFIDENTIAL

11

Roderic Lyne: I don't know what is going to happen next year in Russia, but the underlying trends are moving in the right direction and a new generation is beginning to emerge. (C)

Prime Minister Major: [REDACTED]

EO 13526 1.4b, 1.4d

The President: As democracy develops in Russia, we will need to show understanding when we see manifestations of the same personal insecurities that are present in our own countries. (C)

Prime Minister Major: Another question that has been rumbling around in our thinking is that the terms of trade in U.S.-European relations have changed with the passing of a definable enemy. [REDACTED]

EO 13526 1.4b, 1.4d

[REDACTED] We don't have the same interrelationship at the parliamentary level as we have between our administrations. The fact that we are not in as close touch leads to gaps in our thinking and in our perceptions, for example over Bosnia. [REDACTED]

EO 13526 1.4b, 1.4d

[REDACTED] There are a lots of things we should be talking about. For example, we have a transatlantic hemispheric conference of government and business leaders which has been remarkably successful. We need to fill the gap in other areas. (C)

We have been thinking about a possible North Atlantic free trade area, whether formalized or not. There is a lot to do in reducing non-tariff barriers. We would like to start exploring these ideas. Our thinking is nebulous at this stage, but lurking in it is the idea of a more concrete relationship between Western Europe and the United States than exists at the present time. I don't know if you heard of the advice given to Winston Churchill by Randolph Churchill: "Never lose touch with the Americans." This saying was handed down through the generations. Today there is a tendency to believe that Europe and the United States will look in different directions. It is not a serious problem today but we want to keep working to ensure that it doesn't become a serious problem. We have a lot of common interests: bringing the Central and East European states into Western institutions (the EU and NATO) and extending security and prosperity in their direction; coordinating our longer-term policy toward Russia and Ukraine; working to deal with the problems of North Africa and the Middle East, including helping such friends as Egypt, Turkey and Pakistan; building on the World Trade Organization by

CONFIDENTIAL

CLINTON LIBRARY PHOTOCOPY

achieving more trade liberalization. As I said, we have not formulated these ideas in full, but these are the kinds of subjects we should be looking at. (C)

The President: I am very encouraged by what you're saying. We have tried to be supportive of European integration and the political economic and security dimensions. We don't see this as intrinsically threatening as long as the specifics don't damage our traditional partnerships. But there is uncertainty in the United States regarding how things will develop. I agree on the need to strengthen transatlantic links. I am very worried about the percentage of the new members of Congress who are quite isolationists. (C)

Prime Minister Major: Almost half of the members of Congress are in their first or second term and represent a different generation. (U)

The President: Another problem is that a large part of the American people are presently inward-looking and preoccupied with domestic concerns. A few weeks ago I had a press conference with editors of college newspapers and I did not get a single question on foreign policy. Moreover, none of their economic questions reflected any awareness of the limits imposed by the global economy. These people were not illiterate or unconcerned, but foreign policy issues did not score high on their hierarchy of interests. Look at Mexico. At the start of the crisis we had all the Congressional leaders supportive of solution -- Dole, Gingrich, Daschle and Gephardt. Three or four days later, however, the votes were disappearing and we probably couldn't get more than three votes today. The turmoil in the U.S. has nothing to do with Europe but it produces an isolationist influence. More outreach is needed. I was struck by a Washington Times article attacking a possible visit by a Congressional delegation to the Middle East. I would happily send them all on a tour of the world to overcome their isolationist attitude. (C)

Secretary Christopher: Not one of the first-term Congressmen is traveling abroad during the upcoming recess. (U)

Leon Panetta: I would agree that interparliamentary exchanges have lost their meaningfulness. It is worth a shot trying to improve them. I am concerned that in the budget we will suffer direct hits on the State Department budget, on foreign aid and on the 150 account. There is an isolationist trend and anything we can do to break it will be difficult. (C)

Prime Minister Major: How should we proceed? Should we float some ideas in Western Europe? (C)

The President: We will put some high-level energy into it and coordinate with you. You may need to make the first move, for example, to get Dole and Gingrich to invite distinguished European parliamentarians to Washington and then get our Congressmen to go back to Europe. I am very concerned that this trend could become bipartisan. (C)

Prime Minister Major: Gingrich was interested in my idea. (C)

The President: He is pretty good on this. He is worried himself about the isolationist trend. (C)

Ambassador Renwick: We should target the freshmen Congressmen. (U)

The President: A lot of them were elected on an extremist platform. (C)

Prime Minister Major:

EO 13526 1.4b, 1.4d

The President: This is what I said earlier: they are playing to people's fears. (C)

Prime Minister Major: I may float this idea publicly and see what happens. I am also happy to send some people over here to discuss this and to live in the squalor of the British Embassy. (C)

The President: What do you think about the extension of the Nonproliferation Treaty? (C)

Prime Minister Major: I think we have a better chance now. (U)

The President: We have been working like hell on it. The aversion of some of our best friends has been surprising. (C)

Prime Minister Major: It will be very embarrassing if we fail to get an unlimited extension. (C)

The President: An extension for another 25 years seems like a long time but it is not sufficient. (C)

Secretary Christopher: If we extend for 25 years we will be hanging on the edge and we won't be able to achieve a long-term solution to the problem. Returning to the Prime Minister's two ideas: With the Asians and the Latin Americans we have a timetable for establishment of a free trade area. We don't have the same goal with respect to Europe. We should do this,

although it will cause some tensions, particularly in the agricultural area. (C)

Prime Minister Major: I would like to begin to discuss this publicly. We had a seminar at Chequers. My Defense Secretary, Malcolm Rifkind, spoke about an Atlantic community of free trade. It is an idea worth floating. It has many attractions. (C)

The President: We have two options: we could agree on a long-term goal, as with APEC and the Summit of Americas in Miami; or alternatively, since the U.S. and Europe are so closely involved in the GATT, we might be able to go for specific agreements -- lopping things off one at a time. (C)

Ambassador Renwick: Financial services could be one of the first areas. (C)

Prime Minister Major: We should also be able to lop off non-tariff barriers. Free trade in the broadest sense does engage the question of agriculture, which is problematic on both sides of the water. One of the reasons why I wanted to raise this idea now is because some of our EU partners believe that, with GATT out of the way, nothing more needs to be done. I want to ride the wind before it is completely gone. I don't know who is going to win the French election, but right now it looks like Chirac.

EO 13526 1.4b, 1.4d

The President: [REDACTED]

EO 13526 1.4d

[REDACTED] I near you are down to eight and a half percent unemployment in Britain. (C)

Prime Minister Major: That's right, although we are not at the level of five percent and a bit like you are. Our unemployment is dropping by about one-tenth of a percentage point a month. (C)

The President: That is quite good. (U)

Richard Holbrooke: There are two issues I would like to raise regarding the Congress. Prime Minister Major and Foreign Secretary Hurd in their contacts on the Hill have had a major impact and they should continue to engage directly. The formal interparliamentary structures have atrophied. With respect to Executive Branch contacts, the most promising areas would be to rationalize our policies toward Central Europe and Russia. NATO

expansion and the enlargement of the EU will go slowly for their own reasons, yet expectations in Central Europe are high. If we can work more closely on the region, it would accomplish the Prime Minister's goal of strengthening transatlantic ties and doing for Central Europe what we did for Western Europe in the post-war years. We have a tremendous opportunity and should engage multilaterally and bilaterally. The U.S.-UK channel can be the core, and it can be also be broadened to include Germany and maybe France, depending on the results of the election. There is a lot we can do, if not before the Moscow Summit, then immediately afterward.

The President: Do we need to discuss Libya? (U)

Anthony Lake: Rod Lyne and I have already had a good discussion.  
(U)

The President: Let's coordinate on the hard questions we are going to face at the press conference. (G)

-- End of Conversation --