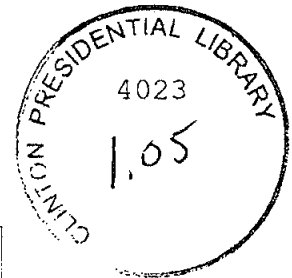


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THE WHITE HOUSE
WASHINGTON

DECLASSIFIED UNDER AUTHORITY OF THE
INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL,
E.O. 13526, SECTION 5.3(b)(3)

ISCAP APPEAL NO. 2013-090, document no. 5
DECLASSIFICATION DATE: October 14, 2015

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with British Prime Minister Blair (U)

PARTICIPANTS: The President
Prime Minister Blair

Notetakers: John Smith, Tony Campanile,
Lyle Harrison, Marc Koehler, Marianna
Papadimitriou and Mary Ann Peters

DATE, TIME June 10, 1997, 1458-1517
AND PLACE: The Oval Office

The President: Hello? (U)

Prime Minister Blair: Hello. (U)

The President: Tony? (U)

Prime Minister Blair: Bill? How are you? (U)

The President: Fine. (U)

Prime Minister Blair: Thanks very much indeed, Bill, for coming
through. I just want a quick word with you.

E.O. 13526, section 1.4(b)(d)

The President: What can I do to help? (U)

Prime Minister Blair: E.O. 13526, section 1.4(b)(d)

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Reason: 1.5(b)

Declassify on: 6/11/07

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E.O. 13526, section 1.4(b)(d)

The President: I'll be happy to do that. We'll contact them immediately. (C)

Prime Minister Blair: That's great (C)

The President: This is crazy. I don't know why they're doing this now, when you're trying to put all this together. (C)

Prime Minister Blair:

E.O. 13526, section 1.4(b)(d)

The President: Yes, I agree with that. We'll get in touch with them today and convey this in the strongest possible terms. If they are thinking about proceeding like this while you are working in good faith, it makes no sense, it's crazy. (C)

Prime Minister Blair: That's what I think.

E.O. 13526, section 1.4(b)(d)

The President: I've got it and I'll get on it. How are you doing otherwise? (C)

Prime Minister Blair: Fine. There are pretty turbulent waters here about European monetary union, with Jospin's victory. (C)

The President: It might give you a little more room, though. (C)

Prime Minister Blair: Yeah, maybe it will give me more room.

E.O. 13526, section 1.4(b)(d)

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E.O. 13526, section 1.4(b)(d)

[REDACTED]

The President: I thought the Economist this week had some interesting suggestions on how to proceed with the currency but change some of the Maastricht requirements. They argue that France cannot make it anyway with 12 percent unemployment; but they acknowledge that the Bundesbank would not agree to such changes.

Prime Minister Blair:

[REDACTED]

The President: It's just pretty hard to ask a Socialist government -- it was hard to ask Chirac's government -- to do nothing except cut spending when you have 13 percent unemployment. ~~(C)~~

Prime Minister Blair: Absolutely right, and if you're doing it while keeping the franc high, you're really squeezing the economy.

[REDACTED]

The President: Well, I don't believe they can solve their economic and unemployment problems through the budget anyway. They need structural reform. Maybe Socialist governments can actually do this better than Conservative governments. ~~(C)~~

Prime Minister Blair:

[REDACTED]

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The President: Is he coming to Denver or not? (U)

Prime Minister Blair: He must be? (U)

The President: Well the way their constitution works, Chirac has foreign policy and he has economic policy, so they normally both come. (U)

Prime Minister Blair: Well, I suppose he will, won't he? It should be interesting. Have you met him?

E.O. 13526, section 1.4(b)(d)

The President: "You guys have to help me." Tell me who was there? ~~(C)~~

Prime Minister Blair:

E.O. 13526, section 1.4(b)(d)

The President: Well I'm looking forward to it. I'm glad to see the debate being carried on our side of the field, but there could be a huge backlash if the left fails to deliver. Ultimately, in a democracy the poor rely upon the social judgment of the middle class. ~~(C)~~

Prime Minister Blair: Absolutely right. There's a real risk that we will fail.

E.O. 13526, section 1.4(b)(d)

The President: That nearly happened to us, you know, when the Congress in '94 didn't pass my plan. I fended it off and we now have agreement in the budget to repair it. I think we saved it, but you don't want to miss those chances when they come along. ~~(C)~~

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Prime Minister Blair: Absolutely right, there's a huge mood of uncertainty in Europe at the moment. It's almost impossible to overstate it. (C)

The President: Well, they keep trying to draw me into discussions on details and I keep trying to stay out of it. (C)

Prime Minister Blair: I think where you could have an impact is that people look across the Atlantic, they see the American economy and see that it works. (C)

The President: What I try to do is to avoid getting drawn into discussions of issues such as: "If the European currency is delayed, does that mean it is dead." What I need to do is stay on my general theme that you can't create jobs without reform, but you don't have to cut out the social safety net. That is what your election showed. (C)

Prime Minister Blair:

E.O. 13526, section 1.4(b)(d)

The President: I think they are afraid that global corporations and global money movers will take away the capacity of the nation-state to preserve the social contract, but I don't think that's true. There was a fascinating piece in the Economist on how the Czech experiment failed. The market outran the capacity of the regulators and they have negative growth now. You ought to have somebody pull that for you, just because it makes the case for reform without the Thatcher/Reagan idea of getting rid of government. A little article on how the Czech economy, the jewel of the post-communist period, could be in all this trouble ironically because there was not enough regulation. (C)

Prime Minister Blair: The Economist? (U)

The President: Not in this edition, but in the last one. (U)

Prime Minister Blair: I will look for it. We've got to provide people with a way through this problem, so it's not a choice between dismantlement and corporatism. This is a very European problem, born out of the ideological clash between socialism and capitalism. You do not have it in the same way in the United States. (U)

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6

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The President: The problem here is that because union membership is declining, even if you have more jobs, people worry that their families are vulnerable, especially because there is no universal health care. But without growth and lower unemployment it's hard to get these things done. (U)

Prime Minister Blair: Yes, that's right. You could have a more universal system of health care in your country without wrecking the system. (U)

The President: Of course we could. We'd save money. But we're going to take another pop at it this time, at least for the children. Anyway, I can't wait to see you in Denver and I'll call the appropriate people and send the message publicly and privately. ~~(U)~~

Prime Minister Blair: That would be very kind, Bill; it would really help. It will be great to see you in Denver. (U)

The President: Have you talked Bertie Ahern? ~~(U)~~

Prime Minister Blair: Yes. ~~(U)~~

The President: Do you think he'll be Okay? ~~(U)~~

Prime Minister Blair: Yes, I like him, [REDACTED]

E.O. 13526, section 1.4(b)(d)

The President: Yes. [REDACTED]

E.O. 13526, section 1.4(d)

[REDACTED] We have to have a unified position or it doesn't mean a thing. So I'll stick with you as far as I can and see you in Denver. ~~(U)~~

Prime Minister Blair: OK, Bill, many, many thanks indeed. (U)

The President: Once again, give my best to your wife. We had a great time, and let's follow up on that project about philosophy. (U)

Prime Minister Blair: Yes, we are; it was great to see you and Hillary. One of my few moments of real enjoyment. (U)

The President: Well, you get to be a real person. See you in Denver. Bye-bye. (U)

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7

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Prime Minister Blair: See you in Denver. Bye-bye. (U)

-- End of Conversation --

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