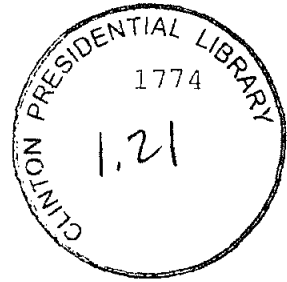


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THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with British Prime Minister Blair
(U)

PARTICIPANTS: The President
Prime Minister Blair

Notetakers: Bonnie Glick, Tom Crowell,
Joel Schrader, Jeff Rathke, James Smith
and Lawrence Butler

DATE, TIME March 9, 1998, 5:38 - 6:05 p.m. EST
AND PLACE: The Oval Office

The President: Tony? (U)

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

The President: Great. (U)

Prime Minister Blair: Bill, I'm sorry to trouble you. There are a couple of things I wanted to discuss with you. First of all, the Middle East Peace Process.

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The President: Let me tell you where we are and we may be able to do something together. You mean you have aid to facilitate some of these things? (C)

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Classified by: Glyn T. Davies

Reason: 1.5 (b, d)

Declassify On: 3/16/08

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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. 21
DECLASSIFICATION DATE: October 14, 2015

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Prime Minister Blair: Yes.

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The President: Let me tell you where we are and then we'll talk about it.

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I think they're really ready to go now on the airport and the industrial park, but they keep messing around with each other. I think they're afraid, each for different reasons, to go ahead. I had to put this off until the Iraq thing was resolved, temporarily, at least. What I'd like to do is give them this proposal and coordinate with you. Part of the proposal is that we want them to go ahead and finish the industrial park and get on to safe passage. (c)

Prime Minister Blair: When do you think you will put forth your proposal? (c)

The President: As soon as I can. This month; within the next two weeks. (c)

Prime Minister Blair: Right.

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The President: Arafat is afraid to take a redeployment now and go to final status talks without a guaranteed third one; my view is he can always make a final deal, and more is better than less. (c)

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Prime Minister Blair:

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The President: I think there might be a way to do that. What I'd like to do...if I could give them the overall proposal first, then we could get together and put this to them. I think if we could coordinate that way, it would give them a way to get started on it. By putting more money on the table, it would create a -- if they're looking for a reason -- an excuse to go forward, it would be good. ~~(S)~~

Prime Minister Blair: Right. You reckon you will put your proposal forward in the next couple of weeks? ~~(S)~~

The President: Absolutely. ~~(S)~~

Prime Minister Blair: Some sort of redeployment package including the other issues as well? ~~(S)~~

The President: Yes. ~~(S)~~

Prime Minister Blair: Then we could help by having some sort of quadrilateral summit afterwards. ~~(S)~~

The President: Yes. ~~(S)~~

Prime Minister Blair:

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The President: Yes. We're ready to go back to them and I think we have some chance of getting them to move. ~~(S)~~

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Prime Minister Blair: I'm set to go to the Middle East in April, early April. Obviously it would help to have something fairly concrete up and running before then. (C)

The President: We'll have something by then. (C)

Prime Minister Blair:

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The President: We had a good day yesterday. They were able to go into the Ministry of Defense and get some records out which I am hopeful will resolve something one way or another. The fact that they were able to get into ministry buildings is a real reaffirmation of UNSCOM's ability to fulfill the understanding Kofi says they got. Now we have to continue to test compliance on sensitive sites, which will happen near the end of the month, but my own view is we should leave our forces there to monitor compliance and keep the integrity of UNSCOM strong.

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Prime Minister Blair:

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(C)

The President: Yes, I thought we ought to fight it off. My own view is that Saddam got what he asked and we got what we asked for, and not to politicize UNSCOM. (C)

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Prime Minister Blair:

The President: Yes. (C)

Prime Minister Blair:

The President: Absolutely. (C)

Prime Minister Blair:

The President: That's right. (C)

Prime Minister Blair:

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The President: So far I'm feeling pretty good about it. I'm keeping my fingers crossed. (e)

Prime Minister Blair:

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The President: Oh yeah. I saw him. I'll call him in the next few days. He doesn't want me to make this proposal,

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Prime Minister Blair:

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The President: They're really down, and they've got reason to be down. (e)

Prime Minister Blair: I think the Palestinians are coupling redeployment with some of these other issues. By all means, if you guys in the United States can put together a big package, that's fine. Since we have so much aid tied up in this, we should try to move on smaller stuff, as well. (e)

The President: I couldn't agree more. I pleaded for a year to move on all three things.

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Let us put our proposal to them and let's see if we can get together and meet and we can push ahead. That can give them the boost to move to permanent status talks. (e)

Prime Minister Blair: Right, okay, Bill, just one other thing on Northern Ireland. (e)

The President: Where are we on that? (e)

Prime Minister Blair: We're getting along, basically.

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[REDACTED]

The President: You do? ~~(C)~~

Prime Minister Blair: [REDACTED]

The President: We'll do that. Mo's coming too, isn't she? ~~(C)~~

Prime Minister Blair: Yeah, I think she is. So you can see them all. [REDACTED]

The President: Let me ask you this: have you gotten a good reaction to Straw's extradition decision? ~~(C)~~

Prime Minister Blair: Yeah, I mean we got a good reaction in certain quarters -- as usual, it was a good reaction in certain quarters and not so good in others, and that's just the way it is. [REDACTED]

The President: I will do my best to bang their heads together and caution them on good conduct, but attacks are likely to come from quarters none of us can control. ~~(C)~~

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Prime Minister Blair:

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The President: You really think you can go back to the original timeframe and get something done by May? (C)

Prime Minister Blair: Yes, I do. (C)

The President: When will the referendum be? (C)

Prime Minister Blair: In May. (C)

The President: When? (C)

Prime Minister Blair:

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The President: Then they think they'll get a bigger turnout for their referendum, too? (C)

Prime Minister Blair: A bit of that,

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So there it is, really, Bill. We just have to keep pushing on. (C)

The President: Alright. We'll be in touch. We'll coordinate with your people on the peace process in the next two weeks, we'll hang around in Iraq to see what happens, and I'll do what you ask on St. Patrick's Day. That's just a week from tomorrow. I'll report back if I hear anything interesting. (C)

Prime Minister Blair: Yeah, okay. (C)

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The President: How are you doing? (U)

Prime Minister Blair: I'm fine, actually. (U)

The President: It looks like your economy's still pumping along. ~~(S)~~

Prime Minister Blair: It is, I remember you telling me once that once the guys start coming in with good news, there are other guys telling you that it's not good news. ~~(S)~~

The President: Wall Street used to go down every time the economy would grow. Now it doesn't go down as much, now that there's been such a long period without inflation. I think if you have the same experience, then soon investors and ordinary folks begin to agree, and that's good news. There's a guy at Stanford who is an economist, and who coincidentally is the son of DNC Chairman Roy Roemer. He's a bit of a libertarian, but he argues that in the technological era, in countries with open markets, the constraints of the business cycle have been considerably loosened, and you can grow more and longer. All of us are essentially underestimating productivity and the most important economic policy is not to limit the ability of technology to prod the economy. ~~(S)~~

Prime Minister Blair: Well, I hope to goodness he's right. ~~(S)~~

The President: Me, too. ~~(S)~~

Prime Minister Blair: We keep looking across the Atlantic hoping it will happen. ~~(S)~~

The President: Well, I think it will. I think it's coming to you, and unemployment is way down, and you've got to stick with it. ~~(S)~~

Prime Minister Blair: We have a very tough battle ahead on welfare, there are a lot of things to do there. ~~(S)~~

The President: Are the Tories going to vote against you or with you? ~~(S)~~

Prime Minister Blair:

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The President: And with the parliamentary system, it really pays off. If I could have waited another year for elections, I'd still have a majority. I think you're doing the right thing: as long as you have the muscle and juice, go ahead and go. (C)

Prime Minister Blair: Well that's what I reckon. Anyway, we are testing this theory to destruction! (C)

The President: Ha! You'll be alright. I'm looking forward to Birmingham. (C)

Prime Minister Blair: Well, that'll be great. We are looking forward to having you. Is Hillary well? (C)

The President: She's great. You need to decide, we all do, if anything would be served by me going to Ireland after Birmingham. (C)

Prime Minister Blair: We'll know that in the next few weeks, if

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The President: It is a mess. (C)

Prime Minister Blair:

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The President: Yes, alright. Well I'll see you soon. (U)

Prime Minister Blair: Okay, Bill. All the best. (U)

-- End of Conversation --

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