

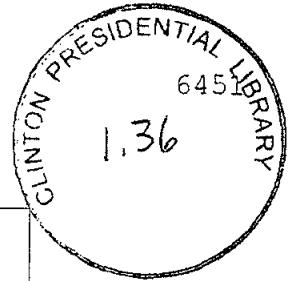
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THE WHITE HOUSE

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. 34
DECLASSIFICATION DATE: October 14, 2015



MEMORANDUM OF TELEPHONE CONVERSATION.

SUBJECT: Telcon with British Prime Minister Blair

PARTICIPANTS: The President
Prime Minister Blair

Notetakers: Cindy Lawrence, Robin Rickard,
Matt Sibley, Joel Schrader, James Smith, Don
Bandler and Lawrence Butler

DATE, TIME September 11, 1998, 4:33 p.m.-4:58 p.m. EDT
AND PLACE: Oval Office

The President: Tony. How are you doing? (U)

Prime Minister Blair: I'm fine. I'm fine. How are things?
(U)

The President: We're doing pretty good here. That's my gut,
anyway. (U)

Prime Minister Blair: I saw you on television; I thought you
were pretty good, actually. (U)

The President: This morning? (U)

Prime Minister Blair: Yes. (U)

The President: Yes, it was pretty good. It's coming together.
(U)

Prime Minister Blair: I think that is right really. Anyway,
we're thinking of you. (U)

The President: Thanks. What's up? (U)

Prime Minister Blair: Two things. I wanted to update you on
the Northern Ireland situation. (U)

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Reason: 1.5(b,d)

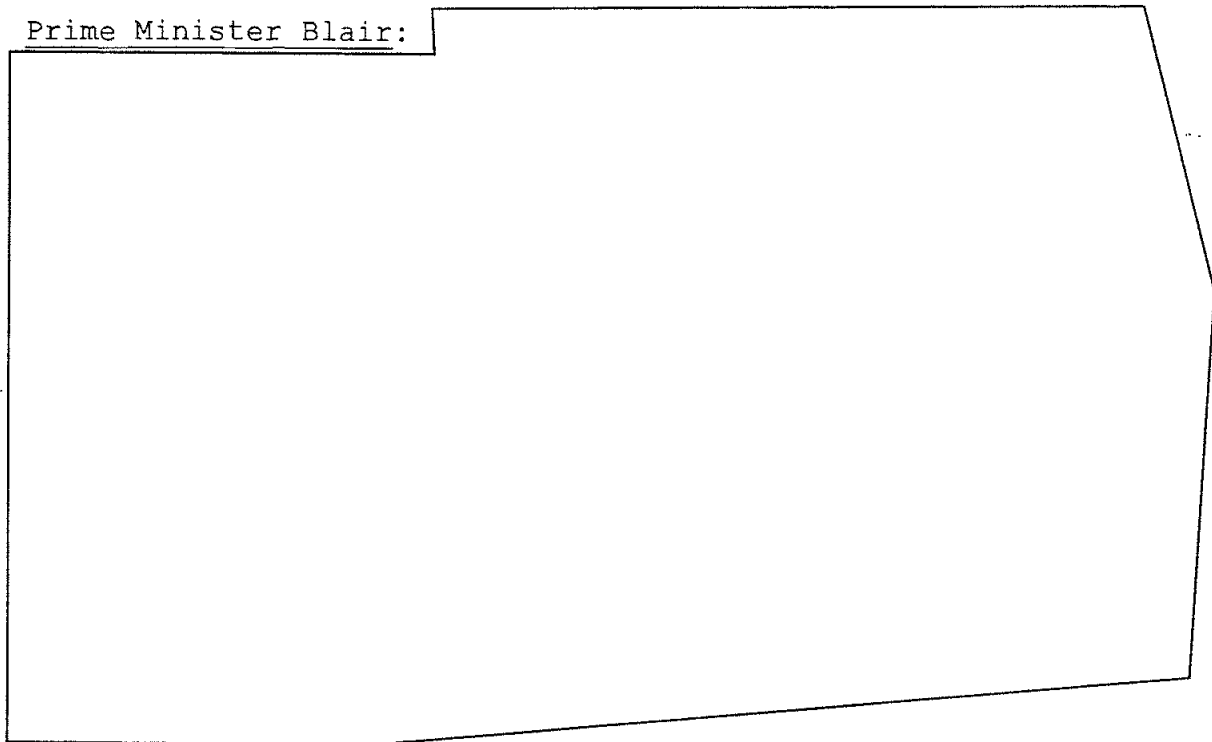
Declassify On: 9/21/98

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

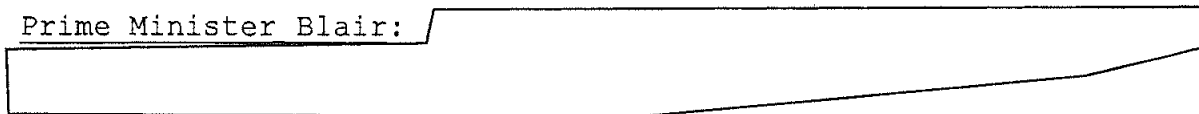
The President: Tell me where we are. (S)

Prime Minister Blair:



The President: In theory that is what they agreed to. Are they willing to do any kind of schedule? (S)

Prime Minister Blair:



The President: What is the main Sinn Fein argument against it? (S)

Prime Minister Blair:



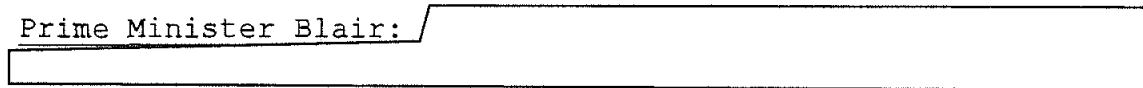
The President: The IRA never disarmed and it can't look like the Unionists forcing them to do so? (S)

Prime Minister Blair:



The President: Well, they made a deal, though. (S)

Prime Minister Blair:



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3

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

[REDACTED] The fact is there is a very good feeling in Northern Ireland right now. Your visit went very well. ~~(C)~~

The President: It was wonderful. ~~(C)~~

Prime Minister Blair: [REDACTED]

The President: I agree with that. Everybody is so up. The trip to the Irish Republic was unbelievable. There were 50,000 in Limerick. Bertie is in a strong position to weigh in with Sinn Fein. ~~(C)~~

Prime Minister Blair: [REDACTED]

The President: Let me ask you something. I've been thinking about all the possible permutations and angles. [REDACTED]

E.O. 13526, section 1.4(d)

Prime Minister Blair: [REDACTED]

The President: I understand why the schedule is not enough. Then he is giving them something concrete that he can't take back and he is getting something symbolic. [REDACTED]

E.O. 13526, section 1.4(d)

Prime Minister Blair: [REDACTED]

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

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4

The President: Let me ask, I understand you announced that you will leave your army in the barracks while your police do the actual patrols. Are they putting any pressure on you to make a symbolic withdrawal of British forces? ~~(C)~~

Prime Minister Blair:

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

~~(C)~~

The President: Would that matter to Gerry? Jim Steinberg here doesn't think you could work a deal with him. I tried to get him to explain to me what the problem was

E.O. 13526, section 1.4(d)

Prime Minister Blair:

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

~~(C)~~

The President: This is a big hang-up and they are not ready to cross the psychological divide. I understand and sympathize with them; I am kind of an expert in that. But they did make a deal. I wonder, it seems to me the biggest barrier was they have talked themselves into this position that is linguistically accurate, but politically unrealistic. ~~(C)~~

The deal said they would get in the Executive branch when they get the votes, and they would decommission in two years. They never disarmed, but here they would be disarmed to get something they are legally entitled to anyway. What if we could get the schedule out and there was a symbolic decommissioning, for something outside the agreement, so they would not look like they were coerced by the Unionists? ~~(C)~~

E.O. 13526, section 1.4(d)

Prime Minister Blair:

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

The President: Do you want me to raise this with him in a what-if way? I won't tell him I talked to you about this. ~~(C)~~

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5

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

Prime Minister Blair:

The President: Are there any other sort of permutations or circumstances that might permit them to do it? ~~(C)~~

Prime Minister Blair:

The President: When I talked to Bertie he thought he could take those guys down that did the Omagh bombing. I thought it would be sooner. I had the impression it was imminent when I left Ireland. ~~(C)~~

Prime Minister Blair:

The President: Of course they do. ~~(C)~~

Prime Minister Blair:

The President: An actual arrest, even if it only just one person -- you've got 29 dead people there. It would be a real coup for Trimble.

E.O. 13526, section 1.4(d)

That is the argument you could make. ~~(C)~~

Prime Minister Blair:

The President: Do you want me to raise that with him? ~~(C)~~

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

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6

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

Prime Minister Blair: [redacted] (S)

The President: I'll get on it. (S)

Prime Minister Blair: [redacted]

The President: I agree. The chemistry is a lot better than what I thought. We coincidentally have a big Irish celebration here in about 30 minutes. They are applauding George Mitchell. I might nose around with some of the Sinn Fein supporters to see what I can do to nudge them a bit. These Americans still have a little bit of influence because they have money. (S)

Prime Minister Blair: [redacted]

The President: Let's explore this idea -- arrests -- plus a schedule. (S)

Prime Minister Blair: [redacted]

The President: I bet you anything, if you explain that the arms thing is not a big deal because they have a stash, and they are easily replaced. Whereas, the arrest of people who murdered 29 folks in a country that is so small would be a tangible act of good faith. I think disbanding the Real IRA was an act of good faith, but I am trying to work Trimble's politics around Gerry's. (S)

Prime Minister Blair: [redacted]

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

The President: I agree. From Trimble's point of view, he is not asking for much. He is asking for something symbolic in return for something tangible. From Adams point of view, it is not such a good deal since he gets a year and a half in return for something he has a legal right to right now. Either you have to get Trimble to change by getting a different good deal, or get Adams to change. Jim Steinberg says we tried that latter course, and he didn't seem very excited about it. It might be worth going back to Adams and Bertie to see if they can't figure out how to identify who has done this. (S)

Just because they disbanded, I don't think it is enough for those 29 people, that beautiful teenage girl who was blinded,

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and the other people. They need to arrest somebody anyway. Unless whoever did this left the country, but Bertie didn't think that was the case. Let us raise this with Sinn Fein, and I will have Jim Steinberg nose around with three to four of the most influential here today. ~~(C)~~

Prime Minister Blair:

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

The President: Let me say a word about Russia. The good news is they have a government,

E.O. 13526, section 1.4(d)

I am glad that you are hosting this G-7 meeting and Russia will be able to be part of it. It think it would be a good idea to talk to them practically about the lessons learned from other countries with financial problems. I am going to call Yeltsin now that he has Primakov in place.

E.O. 13526, section 1.4(d)

The fundamental problem was they privatized property without putting in place the building blocks and that created a vacuum. All the oligarchs and mafia are shipping money out of the country. They want to come back with a solution that they can put old Humpty Dumpty back together again and they can't do that. ~~(C)~~

On the other hand, it is equally true that there are international dimensions here. We have to rethink the IMF deal. It seems to me that we need to develop some sort of pro-growth strategy for the rest of the world. You have 40 percent of the world in recession now. In the end, you and I can't keep our growth going. I just want you to do anything you can to walk the Russians through this and maybe cut them a little slack on some of these macro issues, but hey, you have to build a skeleton before you can have the body of an economic power. You might want to call Yeltsin after this meeting. ~~(C)~~

Prime Minister Blair: Yeah. ~~(C)~~

The President: But, I think we just have to get their attention on what they have to do, before it ever gets better there. We need to look at it in the context of a larger settlement. We have even considered paying for their space program for a year so their scientists don't go build rockets for someone else. The scientists on the board of the space program have not been paid for six months. It is unbelievable. I know you have more than you can say grace over, but to whatever extent you can tone

up that G-7 meeting and to call Yeltsin or Primakov when it is over. (C)

Prime Minister Blair:

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

The President: I am going to give a speech in New York on Monday on the general outline of what we see. Deputy Finance Ministers in the G-21 have been working for over a year. We have the basis for some work. Maybe I can talk to you when you get here on the 21st. My instinct is that the G-7 should call for them to at least present recommendations to us and to get heads of state together and show some leg here. Bob Rubin continually cautions me that we don't want to unrealistically raise expectations if we don't know where we are going. (C)

The fundamental difficulty is that you can't get out of the fact that these countries have to do certain things. On the one hand, there is incredible fluidity in capital movements, while on the other hand there is a pro-growth strategy. If they are not willing to have the infrastructure, all this pro-growth strategy won't matter. If we get them juiced up again, the money will flow out and be in somebody's Swiss bank account. It's a tough knot to untie. The IMF tried to modify their approach in Indonesia, but it doesn't necessarily work in the context of massive, breathtakingly rapid capital flow. (C)

Prime Minister Blair:

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

The President: I've reviewed what the G-21 people are working on. A lot of it is technical and arcane, but in aggregate it's pretty good stuff. It can make a big difference. It will remain arcane and complex and dense to the world as long as it is operating at the level of deputy finance ministers. My instinct is maybe we ought to talk next week before you come to New York and we do this conference, because maybe while we are

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9

there we can make decisions and some scenario to elevate the visibility of this and to get world leaders involved. ~~(C)~~

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

The President: It might help. Cardoso is cratering and is facing reelection in October. I am just sick about that. I think he will get reelected, but it will be tough. Let me do the Irish thing and you can chew on all of this. I think you should call Yeltsin after the meeting. Let's try to talk again on this. ~~(C)~~

Prime Minister Blair: Okay, Bill. (U)

The President: Thanks again. Hillary and I had a wonderful time. (U)

Prime Minister Blair: Good. All the best. (U)

The President: Goodbye. (U)

Prime Minister Blair: Bye, bye. (U)

-- End of Conversation --

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