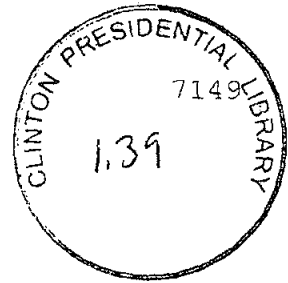


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THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with British Prime Minister Blair
(U)

PARTICIPANTS: The President
Prime Minister Blair

Notetakers: Bonnie Glick, Sean Tarver,
Robert Ford, Tom Crowell, Lawrence Butler

DATE, TIME: October 2, 1998, 4:10 -4:21 p.m. EDT
AND PLACE: Air Force One

The President: Hello? (U)

Prime Minister Blair: Hi, Bill. (U)

The President: Tony, how are you doing? (U)

Prime Minister Blair: I'm doing fine. I've just had our party convention this week so I just got that out of the way. (U)

The President: I am doing great. Things are going well here.
(U)

Prime Minister Blair: You seem to be routing your enemies and we're all happy about that. Where are you? Are you in a car or something? (U)

The President: I'm doing fine. I am in a plane. I wanted to say one thing to you. I really believe we've got to do something about this financial situation. I liked what you outlined -- your speech was good. G-7 finance ministers are meeting here this weekend. I think we need to come up with some sort of emergency coordinated set of bilateral credit lines. The Germans are against it, but the French are moving toward it. Some central banks are reluctant. We'll need to then get the cooperation from private lenders to stem the tide. I'm very

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Classified by: Glyn T. Davies

Reason: 1.5(b,d)

Declassify On: 10/19/08

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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. 37
DECLASSIFICATION DATE: October 14, 2015

worried about it affecting Latin America, particularly Brazil. European bankers have so much exposure on these hedge loans that we have a real risk of a world-wide recession here. I think that it is very important we get these guys to reach some kind of agreement. (C)

Prime Minister Blair: I am in total agreement. We have got to act. I don't think we have seen the worst of this thing by any means. (C)

The President: No, but if we move in quick we could keep it from taking down Brazil. I think it would be really important if you could tell your folks that. I am going to see them on Monday and do my best to bring them around, as well. (C)

Prime Minister Blair: Certainly, I will speak to our folks and I think they will, in principle, be in favor of concerted action. I have just read the outline of the comments you made earlier today,

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

The President: Exactly. (C)

Prime Minister Blair:

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

The President: I couldn't agree with you more. I have not mentioned the prospect of using our exchange rate stabilization fund. I wanted to get IMF funding through Congress, and the Germans are not yet for it. I keep thinking that if we work at this, we can get a lot done, but I have to figure out a way to get them into it. We got to do it, and the central bank is notoriously independent.

E.O. 13526, section 1.4(d)

(C)

Prime Minister Blair: I agree with you. I think there are two issues really.

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

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

The President: I agree with everything you said. If you could urge your people to be forward leaning. Maybe we could talk on Monday before I talk to the IMF. The other thing I wanted to mention was Kosovo. We have begun to prepare Congress and the people for the possibility of air strikes. We wanted to ask NATO to authorize operations next Wednesday.

E.O. 13526, section 1.4(d)

Prime Minister Blair: I agree with that.

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

The President: I told Chirac I would talk to him on Tuesday after the UN report is released. Our guys can lead this economic thing, we can say we want a short-term solution and a long-term structural solution that will help. (C)

Prime Minister Blair: What do you think about a summit of some sort at some stage? (C)

The President: I am in favor of it. If we can get anything like remote consensus, I think we should do it by the end of the year and before the final report toward the end of October. (C)

Prime Minister Blair: Like the G-8 summit or something. (C)

The President: Yep, maybe even the G-22. (C)

Prime Minister Blair: Well, I'm all for it. (C)

The President: Let's see how far we get on Monday. If we've got something to say. How are you doing on Ireland? (C)

Prime Minister Blair: It will be helpful if you can intervene some time in the near future. I'm seeing de Chastelain, who is

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the bloke in charge of decommissioning on Monday.

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

I gather you made good progress as well on the Middle East. (S)

The President: Yes, I think so. I would say we have a better than 50-50 chance to get a deal, to get them into final status talks. Well, take care. (S)

Prime Minister Blair: That would be good. All the best, Bill. Take care. (U)

The President: We will speak again soon. Goodbye man. (U)

Prime Minister Blair: Goodbye. (U)

-- End of Conversation --

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