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THE WHITE HOUSE
WASHINGTON

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INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL,
E.O. 13526, SECTION 5.3(b)(3)

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MEMORANDUM OF CONVERSATION

SUBJECT: Bilateral Meeting Between The President and
Prime Minister Blair (U)

PARTICIPANTS: United States
The President
Samuel R. Berger, Assistant to the President
for National Security Affairs
James Steinberg, Deputy Assistant to the
President for National Security Affairs
Steven Ricchetti, Deputy Chief of Staff
Gene Sperling, Assistant to the President
for Economic Policy and Director of
the National Economic Council
Antony Blinken, Special Assistant to the
President and Senior Director for
European Affairs, NSC Staff (notetaker)

Great Britain
Tony Blair, Prime Minister
John Sawers, Diplomatic Advisor
Allistar Campbell, Press Secretary
Private Secretary

DATE, TIME June 18, 1999, 1:40 - 2:35 p.m.
PLACE: Hyatt Hotel, Cologne, Germany

The President: Tony, you did a very good job on the debt issue. If we can make it work, that will mean almost 2/3 debt forgiveness for the poorest countries. This would be a real step forward. The Jubilee has enormous appeal -- getting rid of all the debt for the millennium. But it also has real problems that we would need to access before we embrace the concept. For example, Bob Rubin points out that for countries that may want to borrow more who get 100 percent forgiveness, wiping out their debt will be much harder for them because it will effect their credit rating. Maybe we should look at adding rescheduling

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without taking them out of the credit market. Rubin feels very strongly about this. But anyway, what we need to do is focus on the fact that we are doing a huge deal here. This is a major achievement. We must not let what we are not doing become the story. It's what we are doing that's important. (c)

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Prime Minister Blair: Yes, I fully agree with that. [REDACTED]

Jim Steinberg: The problem is specifying who. That is, who are the 1,000 companies and why are we choosing them. I think it would be better to call on the private sector as a whole. (c)

The President: That's true but on the other hand this needs to be organized. We can't just call on companies to act. (c)

Jim Steinberg: Well there is a legal question when asking specific companies. (c)

Prime Minister Blair: [REDACTED]

Gene Sperling: The problem of asking specific companies is that there could be a feeling of coercion. (c)

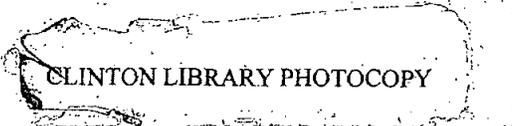
The President: I think the thing to do would be to designate a lead person in the business community to do this. That's what we did on welfare. I asked Eli Segal to run a voluntary program. (c)

Prime Minister Blair: [REDACTED]

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Gene Sperling: It would be a real political challenge to support. And also I think there would be concern that we have opened the door at the last moment. (c)

The President: The problem frankly is Congress. It is a different party and not likely to do me any favors and so I do not think we would get support. The way it works is that there is an allocation to each committee. It is always less for foreign affairs. So we are forced to choose among programs.



There is a real weakness of commitment to foreign aid, especially since the end of the Cold War. We have a big surplus. If I take the caps off, the Republicans will push for a tax cut. We have made a commitment to save Social Security. So it would be hard to do this without opening a Pandora's Box. We need to wait to see if we get an omnibus deal. So I am reluctant to look like we are urging this and then be in a position where we can't deliver. But if we can quietly see that there is a consensus on this, I can say to Congress this is what the whole world wants to do. It is a good idea on the merits. But it would be better to forge a consensus here than for us to lead on this issue given the politics. Also, we will have another shot over the next couple of years. (C)

Tony, do you want to talk about Kosovo? I have one big point to make: you had a huge impact on the execution of this campaign and on our ability to sell what we needed to do. You realized the need to improve our communications. Now, the big decision we have to face is making sure that this works. There is a huge effort in bringing people back, in rebuilding lives, in spite of the magnitude of the crisis. There is a mental health crisis. I sent Elie Wiesel to the region to talk to the refugees. I talked to Jesse Jackson about this. All of us agree that we need some kind of systematic, organized effort maybe working through faith groups. We need to start. But before even all of that, the UN must pick someone we would hire to oversee the civilian implementation. Nationality doesn't matter to me. All that counts is confidence, energy, and organization skills. Those are the keys. The Economist had a puff piece on Bildt.

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Prime Minister Blair: Yes, I fully agree. This is a critical decision. Who are the candidates? (C)

Samuel Berger: No one has emerged that I am aware of. The selection seems to focus on former Foreign Ministers or defeated Prime Ministers. With all respect, that is the wrong mind-set. We need a CEO-type. (C)

The President: There must be a terrific European business person who has worked in the Balkans, for example. Someone with imagination and executive ability. (C)

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Prime Minister Blair:

The President: Yes he is, but of course, the Europeans want a European. (S)

Prime Minister Blair: Well I am happy with an American.

The President: I am afraid that the UN will dither on this for weeks. (S)

Prime Minister Blair: Yes,

Samuel Berger: If I could just raise one idea. You both should lay down a marker with the Secretary General on how you see the job. You should imply a veto right. In other words, you together would expect he would not appoint someone without your approval. (S)

The President:

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Anyway, I don't know your politics in Europe. But I do know that this is our deal. If it fails, it will be our failure. My have no preconceived notions and no conditions on nationality. My only concern is confidence. (S)

Jacques Klein is tough and good. But I keep coming back to the bottom line -- whoever it is has to be up to the job. (S)

John Sawers:

(S)

Allister Campbell:

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The President: I don't think the Secretary General is thinking about this in the right way. [redacted]

[redacted] he should be calling us to ask who is the smartest businessperson in the United States and Europe. Who can get business people to support this. [redacted]

[redacted] My position is don't look for someone who has navigated the shoals of partisan politics and never built anything. This requires special additional skills. I would have loved to have the job myself. (X)

Prime Minister Blair: Yes, it really is rebuilding a country from scratch. (U)

The President: If I were the head of a company, I'd love this job. (U)

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Prime Minister Blair: We should start digging for names so at least there is a good choice. [redacted]

The President: This must not be about politics. (X)

Prime Minister Blair: [redacted]

The President: [redacted]

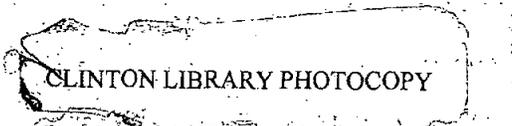
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Prime Minister Blair: In the end, this really is a unique position. It's like being the procounsel of a country. You need communication skills, executive skills. [redacted]

John Sawers: [redacted]

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The President: On the issue of relief we've got \$1 billion earmarked for the short-term. On long-term reconstruction, I guess we have this conference in the Fall. On the EU's Stability Pact, we want to contribute but since most of the money is European, it's hard for us to shape it. I think we need to take a step back and look at the Marshall Plan, and also think about what we want this to look like in ten years. We



need a prosperous Balkans so there is less temptation for conflict. We want it to be more integrated with Europe. With the EU, with NATO. The first thing we need to do is to define the universe: Slovenia, Romania, Bulgaria, Macedonia, Albania, Montenegro, Kosovo. And Serbia if we can get rid of Milosevic. I think we need to apply one of the central ideas of the Marshall Plan which is to get the beneficiaries to meet together and define their own vision of the Balkans, how they would use the money, how they would apportion it. We need to force them to assume responsibility for their own future. They need to have a real plan and develop themselves with our help. There are some real smart guys there that can do this, [redacted]

[redacted] E.O. 13526, section 1.4(d)

Prime Minister Blair: Yes, [redacted]

[redacted] E.O. 13526, section 1.4(b)(d)

The President: That's true. We all need to think about what more we can do. We, in the United States, need to think about whether we should say to Congress that we should accelerate accession for some of the Balkan countries into NATO. You might consider the same thing for the European Union. Should there be a Customs Union with the EU, like Turkey. Should you accelerate the session process? If you think we should push the envelope, we can push Schroeder, Chirac and D'Alema to think about this.

~~(C)~~

Prime Minister Blair: I agree we should push the envelope. [redacted]

[redacted] E.O. 13526, section 1.4(b)(d)

The President: We need direct aid too. We've already got some going for Albania and Macedonia. I think we need to structure our assistance in Kosovo in a way that is helpful to the Front Line States. For example, using their construction companies. We need to get people on the ground to start turning our roadmap for the Balkans into reality. We need the person, we need the plan, we need an approach that takes into account the whole region. What I think we should do on the Stability Pact is for us and Prodi to convene a meeting in the Balkans maybe in Sophia. Bring all the people together, the U.S., the EU, the

concerned countries, and the international financial institutions. We need to forge a common vision and get their buy in. We need to start a process for them to meet and to plan their own future. It's not like these people are not smart.

(S)

Prime Minister Blair: Yes, I agree that would be a very good way to proceed. (S)

The President: Similarly, we need to decide whatever we can do with NATO, the EU, and with aid. We need to get to work. If we can get the people in the region bought in, it will change the dynamics and psychology of people and the region. (S)

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Prime Minister Blair: I agree very strongly.

Samuel Berger: We also have to solve this problem with the Russians. I think we are almost there. (U)

John Sawers:

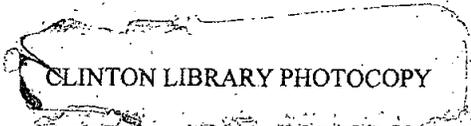
Samuel Berger: Actually, that's been sorted out. The real problem that still needs to be resolved is that Yelstin continues to want a sector. (S)

Prime Minister Blair: Let me make clear my view:

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The President: I think we all need to watch them. If we have something that we can live with, I don't mind letting them declare victory so we can just get this out of the headlines and move on. Right now they are in the way and we need to resolve this. I want to nail this Russian thing down. The other reason is that I am truly worried that Yeltsin might make a dangerous decision. He thinks we are trying to extend our sphere of influence. He just doesn't understand we are trying to make a more peaceful Europe and reverse ethnic cleansing. But I think he will do the right thing at the end. (S)

Prime Minister Blair: We need to close on this today. (U)



The President: Yeltsin is the only Russian leader who truly hates communism, believes in freedom and integration with the west. (S)

Prime Minister Blair:

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The President: I agree with that. In addition, we need a huge effort to move the center of Russian politics. I think one way to do that is for us to get more parliamentarians there. It's a huge effort to go to them and to bring them to us in a more systematic way but I think it's worth it. That will really help to educate politicians there and move them to the center. We need to combat their insularity. (S)

Prime Minister Blair: I know we have run out of time but at some point I would like to have a few words about Northern Ireland. (S)

The President: Yes, I've got some ideas that we should discuss. Let's try to find some time this afternoon. (S)

-- End of Conversation --