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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Prime Minister Blair of The United Kingdom (U)

PARTICIPANTS: The President
Prime Minister Blair

Notetakers: Deana Sutliff, Jenny McGee, Miguel Aguilo, Don Gentile, Rob Hargis and Richard Norland

DATE, TIME AND PLACE: April 19, 2000, 1:05-1:40 p.m. EDT
Oval Office

Prime Minister Blair: Hello. (U)

The President: Hello, "dad," how are you doing? (U)

Prime Minister Blair: I am preparing. (U)

The President: You know, after January I'm available for babysitting duties. (U)

Prime Minister Blair: I wouldn't say that or you'll be doing it. (U)

The President: You said you wanted to continue my work with the Third Way, and this is it: helping Blair balance work and family. (U)

Prime Minister Blair: I could do with a bit of help, I tell you. Cherie is in great form but just keeps getting bigger and bigger. I tell you, just the thought and I feel as if my life's about to begin again. (U)

The President: It is going to be interesting. Given the way the world is changing, it'll be a completely different childhood than the one your others had. Anyway, it is a great thing. (U)

Prime Minister Blair: Right, Bill, we'll put you down on the babysitting list now, mate. (U)

The President: You've got a deal. (U)

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Prime Minister Blair:

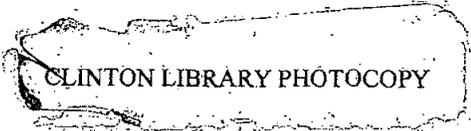
The President: Yes, I really want to hear about that. I'm going to see him. ~~(S)~~

Prime Minister Blair:

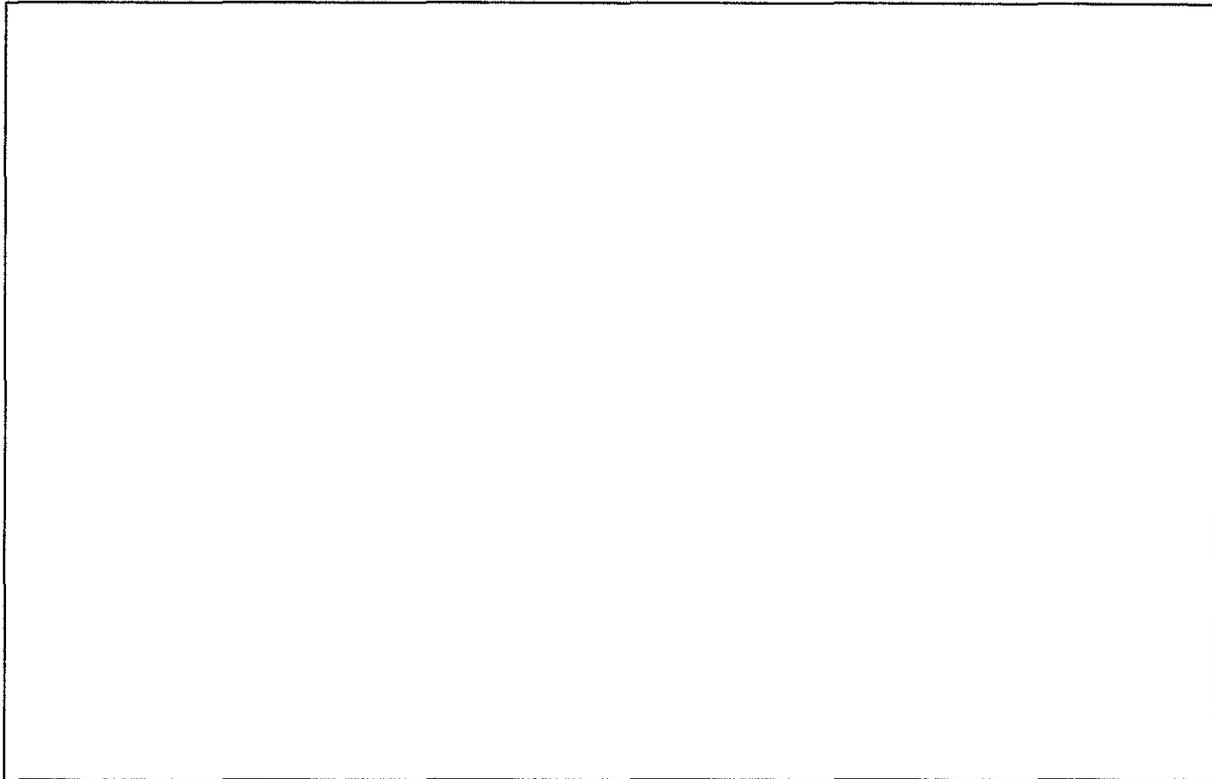
The President: We have a lot to discuss. I agree with that. I think we'll get more out of this guy since he just started his term and if he thinks we're trying to help him achieve his objectives. ~~(S)~~

Prime Minister Blair: That's right.

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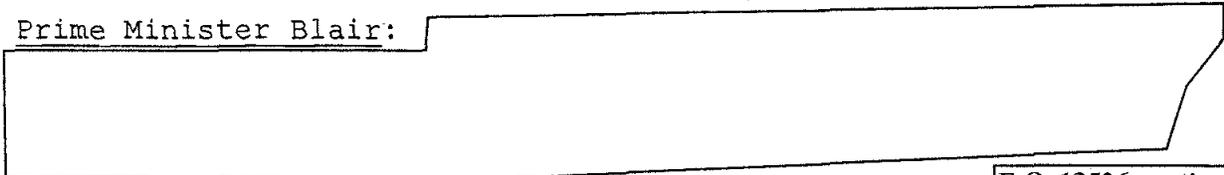


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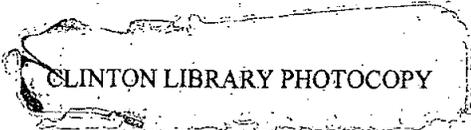
The President: I think to get there we have to somehow demonstrate, number one, that it is only useful as a defense, even assuming it works and assuming it meets the criteria I set out. Basically it's a defense against people who can lob a few missiles at you rather than a lot. We need to show that those cooperating in the nonproliferation movement are actually benefiting, and I need to keep working on it. There's got to be a way to do that. I think there is a way to make sure all the countries that are cooperating on this do benefit. I need to keep working on it. (8)

Prime Minister Blair:



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The President: I know. I used to have these arguments with Yeltsin all the time when we were looking at expanding NATO. I asked him once, "Do you really believe that if we got a foothold in Poland we would bomb western Russia?" He said, "No, I don't, but there are a lot of old ladies out in the country who do." He was dead serious. I think it's important to understand their mentality on this. They are still affected by Napoleon, Hitler, and the way the Cold War came to end, and about the way the



Soviet Empire collapsed. Yeltsin was much more enthusiastic about this in some ways than his progressive successors. He wound up mortally hating communism, but still believing in Mother Russia. All these guys do, and we've got to be sensitive about that. ~~(S)~~

But we can't walk away from something that can keep a lot of us alive. I want to talk to you about it in greater detail, maybe before I go to see him. We can't get this done without serious adverse implications unless both Russia and Europe believe this can be something that benefits all of us. Since it's a defense system, I'm committed to that. I think there might be some way to plug him into that. ~~(S)~~

I am still formulating my ideas on it, but let's talk one more time. Let's do that first before my meeting with him. I'll really read up on it. I will talk to you about it one more time before I leave. ~~(S)~~

Another thing I was going to say about the tax system is that they have to keep working on it. Before I became president, I was there in 1990 when Boris Yeltsin was elected president when it was still nominally the Soviet Union and then he got re-elected head of the whole deal. I knew a guy who ran a McDonald's restaurant there, and we were talking about this tax problem. He said "Look, by the time we pay our taxes -- federal, local, etc. -- our effective tax rate is 85 percent. Because it's McDonalds, I can still end up making a hell of a lot of money here. However, my nominal Russian competitor pays an effective tax rate of 5 percent. But there's almost no other kind of economic activity you can imagine, except maybe for the energy sector, that can sustain that kind of tax burden." ~~(S)~~

He wasn't pleading for help. I was just a governor at the time. But later, after I was President, we talked again. If they want to get a huge amount of foreign investment, they need to rationalize their tax system and treat everybody the same. Otherwise, they are never going to be competitive. That is essentially the problem with the tax system and their regulatory problems. ~~(S)~~

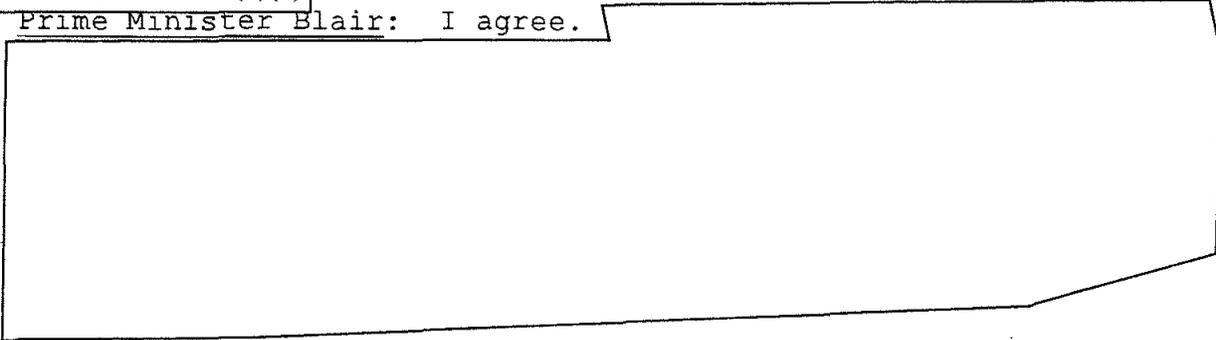
I think all the internal energy problems they've got have caused and cost untold billions of dollars of investment. Their whole view of energy is caught up in the notion of sovereignty, and we've had trouble cracking that nut. Al Gore couldn't move Chernomyrdin very far on that stuff, but I still think they've got just staggering potential. ~~(S)~~

The other thing I think would be helpful to do without being patronizing is to do something about their health system.

They're the only country in the world where their life expectancy is declining because of unsanitary conditions, not because of doctors. They still have a fairly large number of good doctors over there. It's so embarrassing that it's difficult to talk about. I'm convinced it's one of the things that really demoralizes the country. (C)

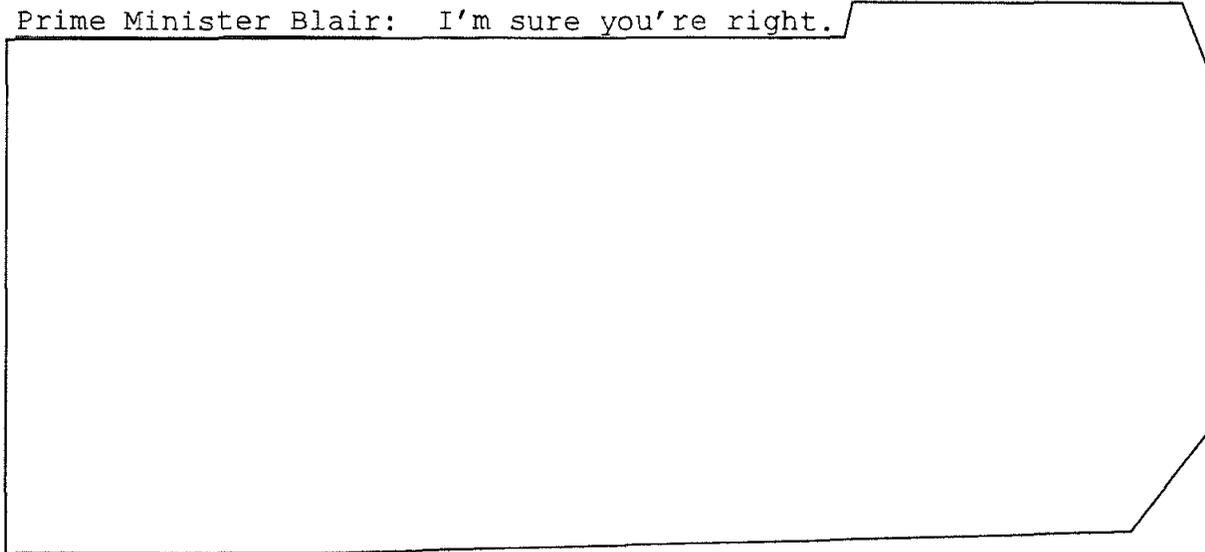
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Prime Minister Blair: I agree.



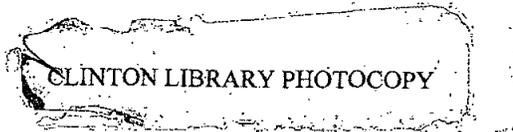
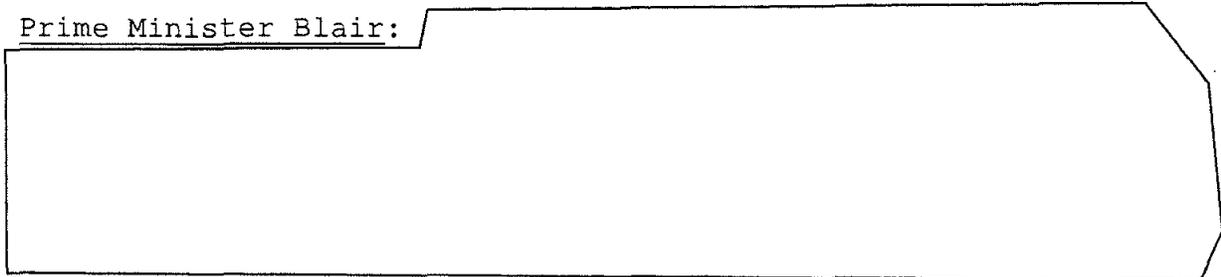
The President: I might be completely wrong, but my gut tells me he could do wonders with his popularity if he could make some progress on the health care problem. (C)

Prime Minister Blair: I'm sure you're right.

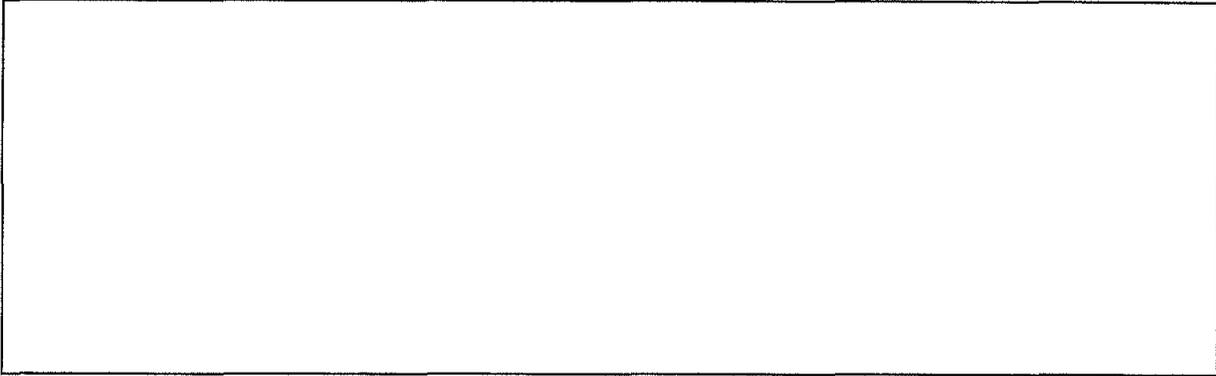


The President: Yes, God, yes. (C)

Prime Minister Blair:

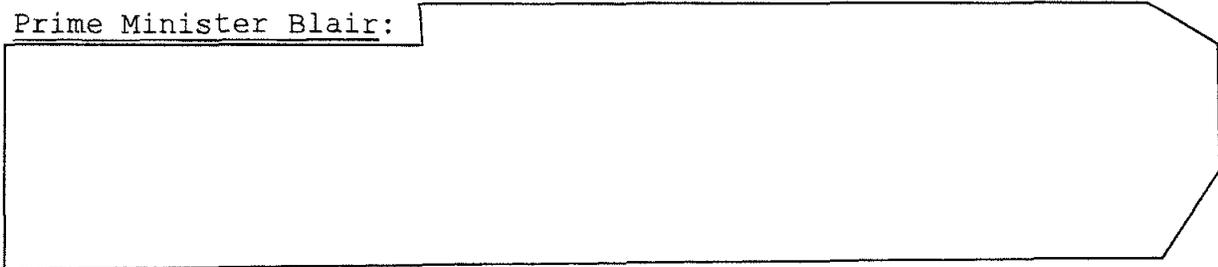


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The President: Let me ask you this. Is there any way to link the decommissioning with the Good Friday accord in a concrete way that doesn't stick them on the date? Are there any up-front confidence building measures they can take, short of a bonfire, which they still seem reluctant to do? (S)

Prime Minister Blair:

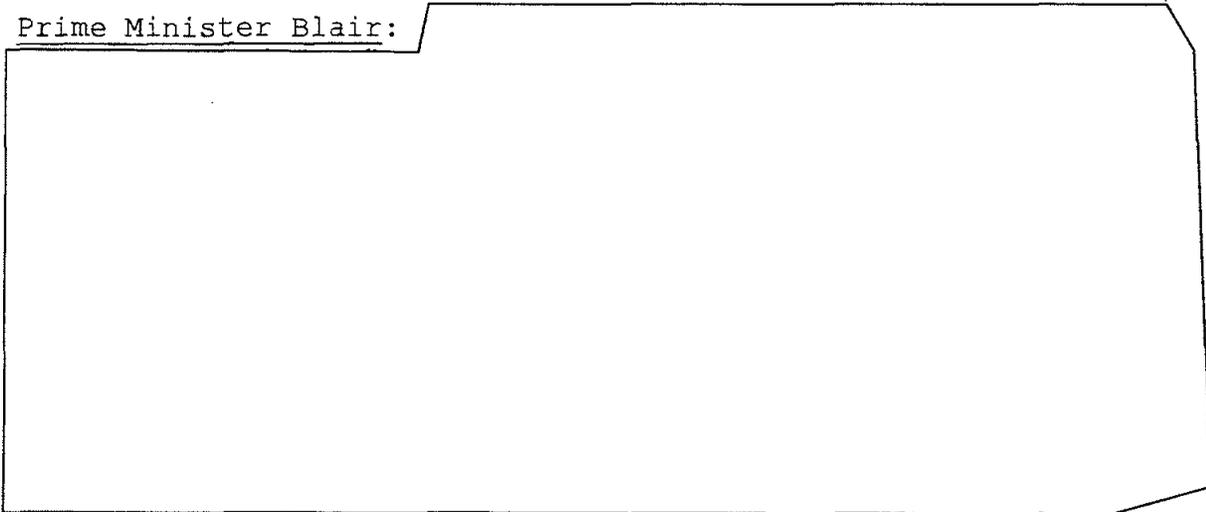


The President: We did something like that in Bosnia, too. (S)

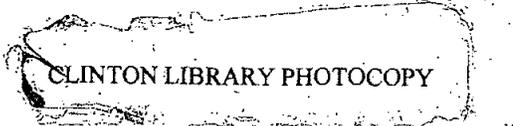
Prime Minister Blair: Exactly. (S)

The President: Are they going to do it? (S)

Prime Minister Blair:

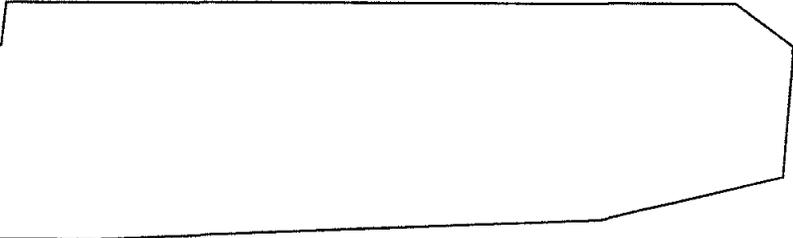


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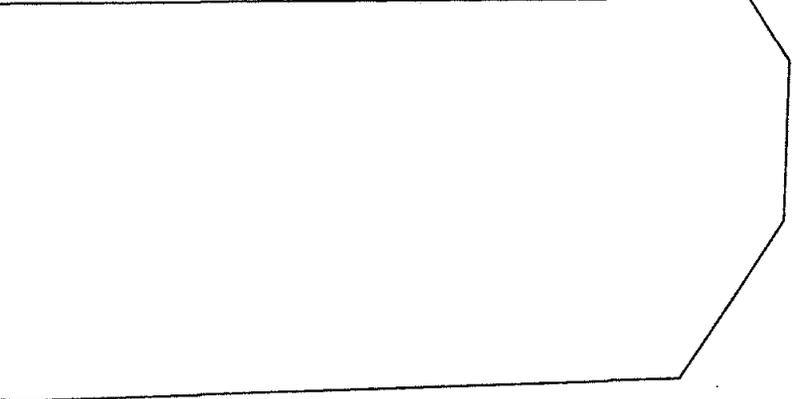


The President: Well, I'm ready to do it. Do you think that Gerry and Martin realize that after this last vote, Trimble can't survive if they don't do something more? ~~(S)~~

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Prime Minister Blair: 

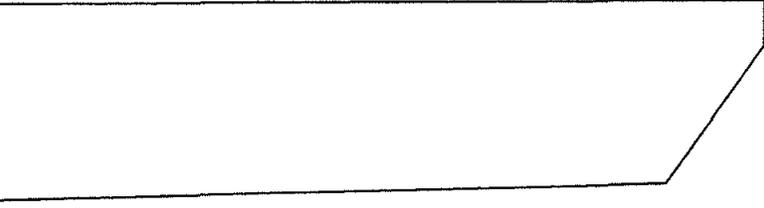
The President: Absolutely. Not only that, I just can't conceive how anybody thinks this thing could go forward without the unionists. Gerry Adams told me in private he thought there was no way forward without Trimble. They've got to know. ~~(S)~~

Prime Minister Blair: 

The President: It's inconceivable. The whole premise of the Good Friday Accord was consent. It's a fraud if you get rid of them. ~~(S)~~

Prime Minister Blair: 

The President: What are they going to give back? ~~(S)~~

Prime Minister Blair: 

The President: Really? ~~(S)~~

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Prime Minister Blair: [REDACTED]

The President: [REDACTED]

Prime Minister Blair: [REDACTED]

The President: You can't make that dog hunt. (C)

Prime Minister Blair: It isn't realistic. (C)

The President: I think you're onto some good ideas. We'll keep talking to them. We have our channels open and when you want me to do something, I will. [REDACTED]

[REDACTED] the same thing may be happening in Northern Ireland. It might not happen again, there is so much prosperity, but it's one hell of a gamble to take over basically, what are you going to do with a few arms? You're not asking them to give them all up right now and they can always replace what they lose. They can always go back. It's so bizarre. (C)

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Prime Minister Blair: It is. (C)

The President: I know you offered to meet with the IRA and they said no. My only other suggestion is whether you or someone on your behalf could open a channel of communication with others in Sinn Fein/IRA besides. In a way, at some point, it gets hard for the leadership to make a case, and I have the feeling that the rank and file read the newspapers and are sophisticated on one level but in the absence of personally engaging with someone who can explain what's going on out there, it's pretty tough. I know I have told you before, I think a lot of these guys can't imagine how their lives are going to be different if this thing works out. I don't know how to do it, and I don't know if I can help you, but that's the only suggestion I have. It's a pretty narrow funnel you're pouring all this in, and Gerry and Martin have a heavy load. Some may think, well, Martin is the Minister of Education and Martin has a nice life, what's in it for us? Maybe

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there's nothing to this, but I think you should keep thinking about this. ~~(S)~~

Prime Minister Blair:

[Redacted]

The President: If I had your blessing, I'd be happy to do it. I don't know if they would do it -- if they would talk to an American either.

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I get the feeling there is a huge gap, you know. ~~(S)~~

Prime Minister Blair:

[Redacted]

The President: Give some thought to it. I'll have our people talk to your people about how to establish some sort of dialog through a British or American contact and talk these things through and give some thought to what this will be like -- what are they going to do with their lives, how will it be different? I may be overstating this, but it strikes me that if we just could get them to think about how their lives would be different if this worked out. I now believe Gerry and Martin want this to work. But, if they brought it to a vote and jammed the vote and caused half of them to bolt to some other faction -- we don't want that. It's worth some leakage, but not much. It's easy for me to say this, because I don't have to deal with the aftermath of the bombs, but you would be right back in the soup. ~~(S)~~

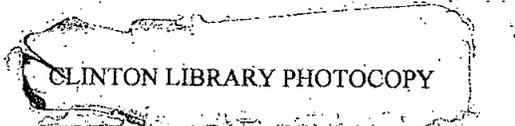
Prime Minister Blair:

[Redacted]

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

Prime Minister Blair:

[Redacted]



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[Redacted]

The President: You know how badly I want this to work. I really think it's important. You have a good economy and good social reform. And, if you could get a breakthrough here, I think you would secure your place and your party's place for a long time to come. You could help New Labor in ways we can't even evaluate. I just want to do whatever I can for you before I have to leave here. (C)

Prime Minister Blair: When are we going to see you? (C)

The President: I'll see you for sure in Berlin. I'd like to come to the UK and to Ireland before I go, but I want to be flexible on timing. I want to come see you when I can do the most good. (C)

Prime Minister Blair: [Redacted]

The President: I've got a lot of things to talk to you about. The main thing I don't want to do is something harmful to the peace process, and it's not too good for me to look like I'm taking a sentimental journey. I want to come and do something. (C)

Prime Minister Blair: [Redacted]

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The President: God if you could do that, that'd be great. Let me know when you want us to weigh in the next couple of weeks. (C)

Prime Minister Blair: How is Hillary? (U)

The President: She's doing well. I think she's going to win! She is starting to sound like a real politician. She's always been a good speaker, but now she's got to where she can get up and give a real political speech and sound like a politician. I'm beginning to sound like a meandering old man. (U)

Prime Minister Blair: Not quite. And Al? He's doing pretty well, too? (C)

The President: God, yes. He's doing much better. I expect him to win. We have a big problem here. The cultural aversion of white, married, Protestants to voting Democratic is a real

problem -- and one we have to overcome. Bush is a skilled politician, but he is not ready to be president, maybe not ever, certainly not now. But they want it real bad and they've got lots of money and lots of media access and they are not freshly discredited. And in this level of economic performance some tend to believe it's automatic and nobody's going to screw it up, a lot of people expect it -- think it is automatic. It is going to take a lot of discipline -- but I think Al will win. God knows I'm doing everything I can to get it done without being counterproductive. ~~(C)~~

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Prime Minister Blair: [redacted]

The President: Whew. Well, yes. We're making a little progress on the Africa trade bill. (gap) I may run over to Nigeria in a few months. ~~(C)~~

Prime Minister Blair: [redacted]

The President: But better gay than sad. ~~(C)~~

Prime Minister Blair: [redacted]

The President: But I think we've given a lot of evidence. ~~(C)~~

Prime Minister Blair: [redacted]

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The President: If you are, you've got a hell of a cover-up! You are doing the best you can do. ~~(C)~~

Prime Minister Blair: Okay, Bill. (U)

The President: Thank you, man. (U)

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

-- End of Conversation --

