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Facing crisis, a hard-line Obama takes the stage

WASHINGTON

President lays down his own terms in budget fight with Republicans

BY PETER BAKER

Amid demands from Republicans that President Barack Obama propose detailed new spending cuts to avert the year-end fiscal crisis, his answer boils down to this: you first.

Mr. Obama, scarred by failed negotiations in his first term and emboldened

NEWS ANALYSIS

by a clear if close election to a second, has emerged as a different kind of negotiator in the past week or two, sticking to the liberal line and frustrating Republicans on the other side of the bargaining table.

Disciplined and unyielding, he argues for raising taxes on the wealthy while offering nothing new to rein in spending and overhaul entitlement programs beyond what was on the table last year. Until Republicans offer their own new plan, Mr. Obama will not alter his. In effect, he is trying to leverage what he claims as an election mandate to force Republicans to take ownership of the difficult choices ahead.

His approach is born of painful experience. In his first four years in office, Mr. Obama has repeatedly offered what he considered compromises on stimulus spending, health care and deficit reduction to Republicans, who either rejected them as inadequate or pocketed them and insisted on more. Republicans argued that Mr. Obama never made serious efforts at compromise and instead lectured them about what they ought to want rather than listening to what they did want.

Either way, the two sides were left at loggerheads over the weekend with less than a month until a series of painful tax increases and spending cuts automatically take effect, risking what economists say would be a new recession.

Mr. Obama refuses to propose more spending cuts until Republicans accept higher tax rates on the wealthy, and Republicans refuse to accept higher tax rates on the wealthy while asking for more spending cuts.

"I'm puzzled why Republicans are locking into a principle that's not sustainable and why Democrats aren't taking the moment to put forward their own vision of entitlement reform," said Peter R. Orszag, a former White House budget director for Mr. Obama.

Mr. Orszag's former White House colleagues said they had grown tired of making unilateral concessions only to see Republicans moving the goal posts, as they see it. "The president is not going to negotiate with himself," said Dan Pfeiffer, the White House communications director. "He's laid out his position, and Republicans have to come to the table."

Republican strategists argue that in resorting to campaign-style events to take his fiscal message to voters, Mr. Obama is overplaying his hand, much as OBAMA, PAGE 5



U.S. warns Syria Syrians crossing into Turkey on Monday after a Syrian jet bombed a building that had been seized by rebels near the border, an official said. Secretary of State Hillary Rodham Clinton, meanwhile, warned Syria's president not to use chemical weapons and said the United States was ready to act if he ignored the warning. PAGE 6

Collaborators fall prey to both sides in Gaza

RAFAH, GAZA STRIP

Price of being suspected, much less convicted, can be fatal — and gruesome

BY JODI RUDOREN

When Fadel Shalouf's family went to pick up his body at the morgue the day after he was executed on a busy Gaza street corner, they found his hands still cuffed behind his back. Hamas, the mil-

itant faction that governs the Gaza Strip, did not provide a van to carry the body to burial, so they laid him on two men's laps in the back of a sedan.

It was an undignified end to a short, shrouded life. Mr. Shalouf, his family insists, was an illiterate fisherman with a knack for designing kites when he was arrested at 19 by Gaza's internal security service. Yet he was convicted in a Hamas court in January 2011 of providing Israel with information that led to the 2006 assassination of Abu Attaya, commander of the Popular Resistance Committees.

During the intense eight-day battle

with Israel last month, the military wing of the Hamas government brutally and publicly put an end to Mr. Shalouf, 24, and six other people suspected of being collaborators. The vigilante-style killings by masked gunmen — with one body dragged through a Gaza City neighborhood by motorcycle and another left for crowds to gawk over in a traffic circle — highlighted the pathetic plight of collaborators, pawns preyed on by both sides in the long-running Israeli-Palestinian conflict.

"Fadel lived poor and died poor," said GAZA, PAGE 7

ISRAELI SETTLEMENTS ANGER EUROPEANS Britain, France and Sweden summoned Israeli envoys on Monday to protest Israel's decision to approve 3,000 new homes on occupied territory. PAGE 7

FRAUGHT ROAD AHEAD FOR PALESTINIANS Palestinians were euphoric over the U.N. vote enhancing their standing but wary of challenges that remain. PAGE 7

BARRING MILITANTS FROM TWITTER Republican lawmakers in the United States want to curtail the right of groups like Hamas to use Twitter. PAGE 15

Libor case expected to cost UBS \$450 million

Bank said to be near deal on British and U.S. fines over rigging interest rates

BY BEN PROTRESS AND MARK SCOTT

UBS, the Swiss banking giant, is close to reaching settlements with the British and U.S. authorities over the manipulation of benchmark interest rates, the latest case in a multiyear investigation that has rattled the financial industry and brought a public outcry for a broad overhaul.

UBS is expected to pay about \$450 million to settle claims that some employees reported false rates to increase the bank's profit, according to officials briefed on the matter who spoke on the condition of anonymity because the talks were private.

The investigations are focused on benchmarks like the London interbank offered rate, or Libor. The rate, a measure of how much banks charge each other for loans, is used to determine the costs of trillions of dollars worth of debt, including mortgages, credit card charges and student loans.

If UBS agrees to the deals with the various authorities, the collective penalties would be among the largest total fines to date related to the rate-rigging inquiry and would increase the likelihood that other financial institutions would face stiff penalties. The British and U.S. authorities dealt their first blow in the rate-rigging case in June when the British bank Barclays agreed to a settlement of about \$450 million.

A spokeswoman for UBS declined to comment. The agencies leading the UBS investigation — the U.S. Commodity Futures Trading Commission, the U.S. Justice Department and the British Financial Services Authority — also declined to comment.

The UBS case will provide a window into systemic problems in the process UBS, PAGE 17

REGULATORS INVESTIGATE TOP TRADER

A Morgan Stanley executive is under scrutiny for deals made while he was a partner at Goldman Sachs. PAGE 15



Justine Forriez, 23, at home in northern France, has a master's degree in health administration but lives on state aid and a variety of work like baby-sitting and bartending.

A generation cast adrift in France

LILLE, FRANCE

BY STEVEN ERLANGER

Justine Forriez wakes up early to go onto the computer to look for a job. She phones university friends and contacts; she goes to the unemployment office every week, though mostly for the companionship, and has taken a course in job hunting. She has met with 10 different recruiters since May and has sent out 200 résumés.

Ms. Forriez is not poor or disadvantaged; she holds a master's degree in health administration. But after a two-year apprenticeship, she is living on state aid, working at off-the-books jobs like baby-sitting and tending bar. She cares for a dog for €5 a day, or \$6.50. She

"We constantly have to change jobs, change companies, change regions."

paints watercolors in her spare time to keep herself from going crazy.

"I don't feel at ease when I'm home," she said. "You find yourself with no work, no project." With the extra €35 for dog-sitting, she said, "I can go to the grocery store."

Ms. Forriez, 23, is part of a growing problem in France and other low-growth countries of Europe: the young, educated unemployed, who go from one internship to another, one short-term contract to another, but cannot find a

permanent job that gets them on the path to the taxpaying, property-owning French ideal that seemed the norm for decades.

This is a "floating generation," made worse by the euro crisis, and their plight is widely seen as a failure of a system that encompasses an elitist educational tradition that does not integrate graduates into the work force; a rigid labor market that is hard to enter; and a tax system that makes it expensive for companies to hire full-time employees and both difficult and expensive to lay them off.

The result, analysts and officials agree, is a new and growing sector of educated unemployed whose lives are JOBS, PAGE 16

BUSINESS ASIA

Mixed signs of Asian recovery

Data released Monday showed the Chinese economy continuing to regain its vigor, but factory output in South Korea and Taiwan contracted for the sixth month in a row. PAGE 15

New funds for 3 Chinese firms

Three top Chinese Internet companies have raised a combined \$6 billion in debt, despite investor skepticism about opaque Chinese companies. PAGE 17

Rents up on Singapore byways

As more investors buy industrial real estate in Singapore, small start-ups may be in for a shock when long-term leases are renegotiated. PAGE 19

SPORTS

Retired at 30, and loving it

Andy Roddick may still play an occasional event, but the former No. 1 and United States Open champion said he had no desire to rejoin the tour, with its day-to-day demands. PAGE 13

SPECIAL REPORT: TRUST WOMEN

Empowerment and law

Women have bigger roles in society, but change is slow. The IHT and Thomson Reuters Foundation are opening the Trust Women conference to see how law can foster empowerment. INSIDE

WORLD NEWS

The verdict that never was

Just as legal rights advocates in China hailed a court decision to imprison 10 people for running illegal detention centers, the news outlets that reported the verdict deleted the article. PAGE 4

Anger over maids' plight

The Indonesian Embassy has called for justice after Malaysia rescued more than 100 domestic helpers who said they were forced to work unpaid. PAGE 4

Little expected in climate talks

U.N. delegates are meeting in Doha, Qatar, with little progress expected on a protocol for climate change that should be concluded by 2015. PAGE 5

9 die in Japan tunnel collapse

Japan began inspecting all its highway tunnels after 1.2-ton slabs in the ceiling of a tunnel west of Tokyo rained down on motorists, killing nine people and closing a vital transportation link. PAGE 4



KAZUHIRO NOGI/AFP

VIEWS

Bill Keller

Journalists, like diplomats, face many risks — but the price for not being where news happens can be reckoned not only in less good journalism, but in less good policy. PAGE 8

Juliette Kayyem

The United States so distracted itself over the Libyan incident that it seems totally blind to struggles in the real world — and its capacity to actually do something about them. PAGE 9

ONLINE

Symbolism in North Korea

Numerology is always a factor in assessing military-political events of import in North Korea, and a coming rocket launching could well be set for Dec. 17, a date that marks the first anniversary of the death of the longtime dictator Kim Jong-il. A successful launching would be a huge political victory for the country's ruling elite. rendezvous.blogs.nytimes.com

NEWSSTAND PRICES

Bull RP 24,000 (including PPN)	Hong Kong HK\$ 22.00	Malaysia RM 7.50	Philippines Peso 100.00	Taiwan NT 110.00
Bangladesh Tk. 135.00	India Rs 30.00	Maldives US\$ 3.80	South Korea Won 2,000	Thailand Baht 65.00
Bangkok Baht 75.00	Indonesia RP 24,000 (PPN Incl.)	Mauritius US\$ 3.80	Singapore US\$ 4.40 (GST Incl.)	Vietnam Dong 3,800
Brunei B\$ 8.00	Jakarta RP 24,000 (including PPN)	Myanmar US\$ 4.20	Sri Lanka* RS 660.00 (VAT Incl.)	
Cambodia US\$ 3.00	Japan Yen 200 (Tax included)	Nepal NRs 25.00	Sydney A\$ 8.25 (GST Incl.)	
China RMB 26.00	Macau P 22.00	Pakistan RS 20.00	Taipei NT 110.00	

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CURRENCIES NEW YORK, MONDAY 10:00AM

			PREVIOUS
▲ Euro	€1=	\$1.3040	\$1.2980
▲ Pound	£1=	\$1.6070	\$1.6010
▲ Yen	¥1=	¥82.320	¥82.450
▲ S. Franc	₣1=	SFO.9260	SFO.9280

Full currency rates Page 18

STOCK INDEXES MONDAY

— The Dow 10:00am	13,025.58	unch.
▲ FTSE 100 3pm	5,884.43	+0.30%
▲ Nikkei 225 close	9,458.18	+0.13%

OIL NEW YORK, MONDAY 10:00AM

▲ Light sweet crude	\$90.22	+\$1.89
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