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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Office of the President
Series: Daily Files
Subseries:

OA/ID Number: 90743
Folder ID Number: 90743-006

Folder Title:
Friday, December 18, 1992 [2]

Stack:	Row:	Section:	Shelf:	Position:
G	35	2	7	0

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	Meeting with British Prime Minister John Major (3 pp.)	12/18/1992	(b)(1)	S
02. Talking Points	Points to be made for meeting with Prime Minister Major at Camp David (9 pp.)	n.d.	(b)(1)	S
03. Memo	Brent Scowcroft to POTUS Meeting with Palestinian Leader Feisal Hussein (2 pp.)	12/17/1992	(b)(1)	S
04. Talking Points	Points to be made for meeting with Palestinian Leader Feisal Hussein (1 pp.)	n.d.	(b)(1)	S
05. Reports	Government Report (2 pp.)	12/11/1992	(b)(1)	S

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Collection:

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WHORM Cat.:

File Location: Friday, December 18, 1992 [2]

Pinksheet Number: DJC3240

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Updated Each Morning At 11:50

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WHO'S NEXT: Espy, Aspin,
Babbitt, Riley, Daley.
Nothing 'til next week.
WHO'S DOWN: Males? If V.
Jordan is right, how can
the to-be-named list stay
the same? Does HHS + AG =
50% for women's groups?
DING-A-LING: Inaugural
bells across America. (#7)

FOR WHAT IT'S WIRTH

AND IF IT'S NOT WIRTH:
Would the post go to a
different white male? (#2)

TEXAS PARTY POOPERS (#17)
Mattox, Krueger to run vs.
Richards nominee? Hobby "no
longer under consideration"?

-- John Flannery, atty for Bobby Watson, a former aide to Sen. Charles Robb (D-VA), RICHMOND TIMES-DISPATCH, 12/18.

THE APN BULLETIN BOARD

FROM TODAY'S GREENWIRE: GM joins Ford, Chrysler in support of increased gas tax.

FROM TODAY'S DAILY REPORT CARD: Children's Defense Fund calls 1992 condition of children a "national disgrace."

FROM TODAY'S ABORTION REPORT: Judge strikes down portions of UT's abortion law as too restrictive.

FROM TODAY'S AMERICAN HEALTH LINE: Taxing health benefits -- Clinton says he might as top health advisor says he won't.

HOTLINE/DATABASE INDEX

IN TRANSITION

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ENERGY: Wirth scotched? (#2)

FOREIGN POLICY TEAM: Coming next week. (#3)

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CAMPAIGNS OF '93

VA Gov. (#16)

TX Sen (#17)

NYC Mayor (#18)

POLL UPDATE

W.S. JOURNAL/NBC: U.S. seen back on right track. (#19)

ABC/W. POST: U.S. and OR sexual harassment views. (#20)

TV MONITOR (#21)

CLARIFICATION: Yesterday's Spotlight should have stated that AG Dan Morales would be the first TX Hispanic in the Senate. Three Hispanics have served there: Dennis Chavez (D-NM) 1935-1962, Joseph Montoya (D-NM) 1964-1977. CONTEST: Who's the third?

???? OVERLOOKED ???? ?

In the post-WW II era, the only Senator to resign his seat under an ethical cloud is Harrison Williams (D-NJ) in 1982. The previous resignation was Truman Newberry (R-MI) in 1922.

*1 WHAT LIES AHEAD: THE NEXT ROUND

Clinton "is striving to finish his Cabinet by [12/23], when he plans to name secretaries of state and defense and a national security adviser. Other posts will be filled Monday and Tuesday. No announcements are expected today" (Murray, W. TIMES, 12/18). Clinton "hopes to conclude his major Cabinet announcements before he leaves for a post-Christmas vacation" (Ifill, N.Y. TIMES, 12/18). Transition dep. dir. Mark Gearan said Clinton has set a goal of having 200 positions filled by Inauguration Day (W. POST, 12/18). In the next round of announcements coming over the next few days, Clinton is expected to name Bruce Babbitt to Interior, Dick Riley to Ed., Mike Espy to Ag and Bill Daley to Trans. (USA TODAY, 12/18).

EDUCATION: Ex-SC Gov. Dick Riley, who heads the transition personnel operation, "was offered and expected to accept the post of secretary of education but he continues to weigh the decision ... An announcement may not come until next week." One source: "It's like the pre-marriage jitters" (Hammond, GREENVILLE NEWS, 12/18). Riley "is expected to be named -- perhaps as early as today" (PHILA. INQUIRER, 12/18). CNN's Sesno reports Riley "is expected to be" Ed. Sec. ("Inside Politics," 12/17).

INTERIOR: NPR's Liasson noted Babbitt "is considered the top candidate" ("All Things Considered," 12/17). ARIZONA DAILY STAR's Meissner reports Babbitt has received "enthusiastic backing" from some AZ GOPers "who are expected to smooth his way, including Gov. Fife Symington and Sen. John McCain. Babbitt may have one "immediate problem" -- a proposed settlement of a Navajo-Hopi land dispute. As Interior Sec., Babbitt would "play an important role in pursuing the proposal," but some of the lands in question may be owned by Babbitt's family (12/16).

TRANSPORTATION: NPR's Liasson noted Wm Daley "is considered the top candidate" ("All Things Considered," 12/17).

ATTORNEY GENERAL: Ex-federal judge/Carter Ed Sec. Shirley Hufstedler is "being seriously considered." Three women are still on the list: NY State Court of Appeals Judge Judith Kaye, U.S. Court of Appeals judge Amalya Kearse and DC atty Brooksley Born (Seib/McGinley, W.S. JOURNAL, 12/18). A senior transition source noted there has been "an awful lot of lobbying" by women's groups over AG, and Born "has been close to those groups for a long time." But some officials "are known to believe that Born lacks national stature, noting that she has never held public office and is little known outside the legal establishment. Clinton has yet to make a decision and continues to consider other names." Hufstedler called reports she was under consideration "news to me" (Lauter/Nelson, L.A. TIMES, 12/18).

*2 ENERGY: WIRTH SCOTCHED?

ROCKY MOUNTAIN NEWS' Brinkley & Herrick report the nomination of retiring Sen. Tim Wirth (D-CO) for Energy Sec. "was reported to be in serious trouble Thursday, apparently because of an environmental turf battle" with VP-elect Gore. There was also "growing opposition among Republicans and general bitterness toward Wirth for a damning New York Times Magazine article he wrote on the Senate last summer. Others said Wirth's nebulous ties to the [S&L] industry, and particularly to junk bond king Michael Milken, had become obstacles for him." A source close to Wirth: "It's not good for Tim." The source "said the decision

.... hinges on how comfortable Gore is with sharing environmental issues with 'someone smarter than him.'" Another "potential rift" between Gore and Wirth "may be their differences over cable television." But a top Gore aide said the two are "good friends and that it was Gore who had been pushing Wirth for the energy job. ... few other names have been mentioned" for the job. "[S]ources said it was still conceivable Wirth would still get the job" (12/18). NBC's Mitchell noted Wirth "may be passed over" (12/17). The Wirth appointment "reportedly has hit a snag, partly because of concern [his] ties to industries he has championed -- such as cable television -- would provide grist for a confirmation panel" (Baer, Balto. SUN, 12/18). USA TODAY's Nichols & Nagourney mention retiring Rep. Les AuCoin (D-OR) and Rep. Phil Sharp (D-IN) as possible backups (12/18).

ET TU, AL? Gore was a principal backer of the '92 cable regulation bill, which Wirth opposed. Denver-based cable broker Bill Daniels: "I could not imagine the vice president-elect trying to stop Tim's nomination" (R.M. NEWS, 12/18).

S&L HELL: R.M. NEWS header: "Taint of link to junk bond, S&L industries dog Wirth" (12/18). N.Y. TIMES' Ifill reports Clinton "appears to have decided against appointing" Wirth. Transition aides confirmed Clinton "grew worried about reports that Mr. Wirth had ties to the savings and loan industry in his home state that would be difficult to explain in confirmation hearings" (Ifill, N.Y. TIMES, 12/18).

OLD FRIENDS DIE EASILY: L.A. TIMES' Lauter & Nelson report of a "campaign against [Wirth] that several sources in the transition have attributed to fellow members of the Senate who harbor grudges against [him]." Sens. Phil Gramm (R-TX) and John McCain (R-AZ) "are known to have made disparaging remarks about Wirth. But transition sources said another important figure" in opposition is Sen. Energy chair Bennett Johnston (D-LA). A Johnston ally "denied involvement in the effort." Johnston and Wirth "clashed in a bitter fight over energy legislation that Johnston championed but lost in a close vote" (12/17). Sources close to Wirth say he "has grown increasingly anxious and angry in recent days as reports have circulated in Washington that his political enemies are attempting to sabotage him. The sources ... said Wirth's supporters believe ranking Republicans in the Senate want to extract their 'pound of flesh'" for the defeat of John Tower, Bush's first nominee for Defense (Putzel, BOSTON GLOBE, 12/18).

*3 FOREIGN POLICY TEAM: COMING NEXT WEEK

Clinton "is expected to name his diplomatic and national security team next week," with House Armed Services chair Les Aspin (D-WI) "considered the leading candidate" for Defense and transition dir. Warren Christopher "the subject of intense speculation as the likely choice" for State (Balz, W. POST, 12/18). Clinton "has chosen" Aspin, who is expected to meet with Clinton today in Little Rock (Ifill, N.Y. TIMES, 12/18). NBC's Mitchell reported that last weekend Clinton asked Sen. Sam Nunn (D-GA) "if he'd be interested ... and Nunn said no" (12/17). L.A. TIMES' Lauter & Nelson report Nunn "withdrew from consideration." Clinton is "almost certain to name" Christopher for State. Clinton foreign policy advisers Tony Lake and Sandy Berger "remain the leading contenders" for NSA. The foreign policy appointments "are not likely before next week" (12/18). L.A. TIMES' Jehl examines the effect of Clinton naming Aspin to Defense and Rep. Dave McCurdy (D-OK) to CIA on the House cmtes

they chair (12/18). CBS terms Aspin's Little Rock visit today is a "follow-up" interview ("CBS This Morning," 12/18). NBC reported Clinton is "ready" to name Aspin ("Today," 12/18).

***4 WOMEN: "PUTTING MEN FIRST"**

The leaders of several women's political groups, concerned about the dearth of women nominated to the Cabinet, had their second meeting with transition chair Vernon Jordan. Those in attendance said the meeting "was not confrontational and that Jordan listened to their concerns. They added that the Clinton team is said to be looking for a woman" for AG. EMILY'S List head Ellen Malcolm: "We need to be patient." Women's Campaign Fund dir. Jane Danowitz: "The final grades aren't in yet, but the interim report gives us some cause for concern" (Neuffer, BOSTON GLOBE, 12/18). "With time running out and media reports predicting men will get most of the remaining jobs in the Cabinet and senior positions in the White House, the women's groups asked to talk to Jordan." One source: "Vernon said it would be better. He was reassuring in very specific ways" (W. POST, 12/18). Nat'l Women's Political Caucus pres. Harriet Woods: "President-elect Bill Clinton has named six secretaries to his Cabinet. Five of these six appointments are men. He has stated repeatedly that he wants 'a Cabinet and appointments that look like America,' which would mean 50% women" (release, 12/17). Clinton's own aides refer to the transition as "Putting Men First" (Nichols/Nagourney, USA TODAY, 12/18).

***5 THE APPOINTMENTS: HUD, VA GET NEW LEADERS**

Clinton appointed ex-S.A. Mayor Henry Cisneros to be his HUD Sec., Disabled American Veterans dir. Jesse Brown to be Vet Sec. and AR Dept. of Veterans Affairs Dir. Hershel Gober as dep. Vet Sec. "In making these two Cabinet choices, Clinton moved closer to his goal of having the Cabinet reflect America's diversity." Cisneros is the Hispanic-American in the Cabinet, Brown the second African-American. Clinton: "These individuals have one thing in common: They lived the issues they will now address in government" (Lewis, DALLAS MORNING NEWS, 12/18). ABC's Hume: "By today's nominations Clinton filled not only some jobs, but some gaps in his Cabinet's ethnic and political mix" (12/17). NBC's Mitchell: "Clinton has taken another step toward one of his major goals -- achieving diversity in the Cabinet" (12/17).

CISNEROS: La Raza pres. Raul Yzaguirre: "Everything in his background makes him one of the most qualified people to hold that job in a very long time" (ARKANSAS DEMOCRAT-GAZETTE, 12/18). Cisneros' appointment "is one step in a slow process of political rehabilitation that has been under way ever since his remarkable public confession four years ago." After stepping down as mayor in '89, Cisneros admitted he had an affair with an aide. He and his wife, Mary Alice, have reportedly reconciled their marriage. Cisneros' nomination "is being hailed as a positive development by mayors and municipal leaders around the country" (Fritz, L.A. TIMES, 12/18). Cisneros "said he expects his former marital and personal problems to be raised during his Senate confirmation hearings": "It is such an open subject with me, it is not a concern because I believe I have spoken to it truthfully in the past and would be prepared to do so again. There has never been a suggestion that my public performance was in any way affected by any personal matter" (Lewis, DALLAS MORNING NEWS, 12/18). Cisneros "completed his comeback" (Suro, N.Y. TIMES, 12/18). W. TIMES header: "Cisneros' affair may hinder confirmation"

.(12/18). Cisneros "shares more traits with [Clinton] than perhaps anyone else in the still-evolving administration" (Maraniss, W. POST, 12/18).

J. BROWN: In his remarks, Brown reiterated Clinton's campaign pledge to be a "secretary for veterans affairs" not of veterans affairs (mult, 12/18). W. TIMES header: "Veterans rave over selection of Brown" (12/18). N.Y. POST header refers to Brown as "Viet War Hero" (12/18). Brown "has been a frank opponent of proposals to reduce some veterans' benefits to help reduce the federal budget deficit" (PHILA. INQUIRER, 12/18). House Veterans Cmte chair Sonny Montgomery (D-MS): "The best possible choice to lead the VA in these crucial times." One Cong. aide: "He's a quiet doer. He is soft-spoken but firm" (L.A. TIMES, 12/18). N.Y. TIMES subhead: "A man who knows the horrors of war and the burdens of peace" (12/18).

MCLARTY: W.S. JOURNAL editorial under header, "Mack the S&L 'Crook,'" examines WH CoS-designee Mack McLarty's role in an RTC suit against ARKLA, of which he is the CEO. McLarty has called the suit "another case where the [RTC] is chasing 'deep pockets' in response to political pressure." University Federal Savings went "bust" with \$2 billion in taxpayer money. University was owned by Entex, a Houston gas company, later bought by ARKLA. ARKLA bought Entex after the FHLBB certified that Entex "had no further responsibility" for University. The RTC does not accept the FHLBB ruling. W.S. JOURNAL: "Arkla is the deep-pocket defendant on the hook for \$535 million, even though it never made a dime in the thrift business. ... The RTC legal offensive is destroying value and undermining confidence throughout the economy. You'll never get a vigorous recovery with the government in court with companies like McLarty's Arkla" (12/18).

KANTOR: W.S. JOURNAL's Seib & McGinley report Mickey Kantor "is likely to get a top administration job." Kantor "was blocked from becoming head of the transition effort because of concern about his lobbying activities, but Mr. Clinton is said to be grateful for his work in organizing the recent economic conference ... and continues to take his counsel" (12/18).

IN GENERAL: S.F. EXAMINER's Chris Matthews: "Clinton is acting like John Kennedy for the same reasons John Kennedy acted that way. They're both in their mid-40s, they're both [Dems], they have to offset those facts. They both picked relatively conservative [Treas. Secs.], they're both trying to keep control of their sub-cabinet. They're not picking big shots as [CoS], they're going to pick their old friends." Matthews predicted Christopher as Sec/State. GOP strategist Wm Bennett on the choices so far: "It's okay. They're some interesting choices. I don't see the theme in the pudding. I don't see the continuity here. ... The beings who are emerging all come out of different pods." Bennett on how Clinton will deal with the apparent foreign problems: "I imagine he will attack this with the same kind of studiousness that we saw in Little Rock. I don't know that he will have 300 foreign policy experts in a room" ("GMA," ABC, 12/18).

*6 CLINTON INTERVIEW: WANTS HILLARY IN CABINET MEETS

In his first newspaper interview since the election, Clinton spoke at length with W.S. JOURNAL's Birnbaum & Frisby. Clinton "displayed the striking command of policy details that characterized his performance at this week's economic summit. With no assistance from aides, he readily engaged in discussions about the details of banking regulation and the intricacies of

tax policy." Clinton also declared: He wants Hillary "to participate in cabinet sessions 'because she knows more about' a number of issues"; "Supports Alan Greenspan's continuing" as Fed. Chair until the end of his term in '96; "is 'disappointed' the U.S. and the United Nations hadn't agreed before going into Somalia whether American troops would disarm warlords there, but hasn't made up his mind on the issue yet"; "stands by the notion of a middle-class tax cut, though he's lukewarm about its economic effects"; "supports continued U.S. aid to Russia" and said he may meet with Mexico's president Carlos Salinas before the inauguration to discuss NAFTA (12/18).

HEALTH CARE: Clinton "embraced capping the amount of tax-free health benefits that companies can provide their workers." Clinton: "There has to be some personal responsibility in this health care system we set up." JOURNAL: "And he said there's 'a big war in my own camp of advisers' on the question of whether health care reform could save the government money over the next four years. Some advisers, he said, believe the government 'can save about \$40 billion over four years' from a well-crafted reform plan. But the majority believe that merely saves enough money through cost-control measures to support the promised health care coverage of the unemployed and low-income people." He also said he would consider raising the retirement age for Social Security benefits as a deficit-reducing measure. The Progressive Policy Institute, "which has worked closely with Mr. Clinton," has put forward a plan that would gradually increase the retirement age to 67 by the year 2008. The plan would save \$60 billion over the next two decades (WSJ, 12/18). PHILA. INQUIRER reports, according to transition health policy dir. Judy Feder, Clinton does not plan to tax benefits to pay for health care reform, but "wants to rely on cost-controls ... to bring in the savings" to help provide coverage for the nation's uninsured. Feder "left open the possibility that Congress might seek a tax on benefits." While managed competition advocates call for the curtailment of the tax break, traditional Dem constituencies, like labor, are opposed. Sen. Edward M. Kennedy (D-MA): "Reform of health care should not turn into what's basically a tax increase for middle-income Americans (R.A. Zaldivar, 12/18).

*7 INAUGURAL: I DON'T KNOW HIM, BUT HIS FACE RINGS A BELL

"To symbolize the message of hope and reunion," Pres.-elect Clinton will begin his inaugural festivities by ringing a Liberty Bell replica. Joining in the bell-ringing: "the crew of the space shuttle orbiting 200 miles above the Earth and, Clinton hopes, people in communities from Alaska to Hawaii, from Maine to Florida." Inaugural co-producer Harry Thomason: "We would hope there would be very few places that you could step outside at 6 p.m. that Sunday night and not hear a bell ringing" (Hall, USA TODAY, 12/18). More Thomason: "'Bells for Hope' gives Americans who are unable to come to our nation's capital for Inaugural events a chance to take part in this important moment" (Inaugural release, 12/18). W. POST wonders what's next after simultaneous bell-ringing and offers some suggestions: "At precisely the moment when Clinton says, 'I do solemnly swear ...' everyone jumps in the air and shouts, 'Wheeee!'" or "a federally mandated sing-along of 'We Are the World, We Are the Boomers'" (12/18).

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*8 PASSPORT PROBE: INDEPENDENT PROSECUTOR SECRETLY APPOINTED
 Ex-U.S. Atty Joseph diGenova "was secretly appointed early this week as an independent counsel to investigate whether White House officials violated the law and covered up their knowledge of the preelection search" of Clinton's passport files, according to sources close to the investigation. A special three-judge panel met 12/14 at the request of AG Wm Barr to appoint the independent counsel. "DiGenova's inquiry will focus in part on allegations that one or more senior White House staffers lied to State Department investigators and that Bush administration officials illegally disseminated information from Clinton's files, the sources said. It could not be determined yesterday which White House officials will be investigated." During State Dept. Inspector General Sherman Funk's investigation, eight members of the WH staff were questioned, including: Sec/State James Baker, and Baker aides Margaret Tutwiler and Janet Mullins. The appointment of a special counsel "signals that a criminal inquiry, begun by the [DoJ] a month ago at the request of [Funk] failed to clear up questions of criminal misconduct. It appears to guarantee that the controversy over the passport affair will cloud the final days of the Bush administration and haunt some administration officials after they depart." The appointment of diGenova came the same day a parallel investigation by the GAO asked the WH to turn over all phone logs, appointment calendars, computer messages and files from Baker, Mullins and Tutwiler "that might relate to the passport search or any contacts the officials may have had with State Department officials during the period in question." WH officials "declined to comment on the new investigation." Sources said Mullins and Tutwiler are "depressed and preoccupied" by the investigation (LaFraniere/Isikoff, W. POST, 12/18). Baker, Mullins and Tutwiler have "hired criminal lawyers to represent them in connection with the inquiry." Barr's decision "came as a shock to some of his conservative allies within and outside the Government because as [AG] he has insistently criticized the law that authorizes the appointment of independent prosecutors ... Under the law the [AG] must seek outside counsel if he finds a credible allegation of wrongdoing against certain top Administration officeholders, referred to by the Ethics in Government Act of 1978 as 'covered officials,' even if he does not suspect they broke the law" (Johnston, N.Y. TIMES, 12/18).

TV: CBS' Braver: "The case has become a nightmare for the Bush administration." Braver on Barr: "He really didn't have much choice" ("CBS This Morning," 12/18). CBS was the only morning show to offer a piece on the story.

*9 THE GOP: OPINIONS ON THE MODERATES

W.S. JOURNAL's Gigot writes on the formation of the RMC and its purpose, "I suppose there are Republicans who oppose a more inclusionary party. No doubt some Republicans are bigoted extremists, though none have won any important elections lately. David Duke, a genuine Cro-Magnon man, was expelled by the GOP.

... But apart from such unopposable bromides, these 'moderates' are pursuing an outdated fool's errand. ... Their central flaw is that 'moderate' often means unprincipled" (12/18). W. TIMES editorial: "Efforts to portray the new group as Democrats in Republican clothing, which the RMC will have to weather, will be

off base. ... this, of course, is not to endorse the probable move by the new coalition to erase any reference to social issues from future GOP platforms, or its probable backing of moderate over conservative GOP candidates. ... This needs to be a party in which its moderate, economic-conservative and social-issue conservative wings, for want of better terms, can unite when the time comes to vote for president" (12/18). WICHITA EAGLE editorial: "Republicans have a tough task as they try to return their party to its historic emphases on fiscal conservatism and on beliefs based in personal freedom. Because many religious-right Republicans do not seem to understand that they don't have the numbers by themselves to take back the presidency" (12/17). CHICAGO TRIBUNE editorial: "The delicate task for the GOP will be to re-establish its fundamental values while accommodating the different factions of the party. If the moderates believe their goal is to drive the so-called 'religious Right' from the party, they'll wind up licking their wounds" (12/17).

***10 NAFTA: AGREEMENT SIGNED; TRADE BALL IN CLINTON'S COURT**

Pres. Bush, Canadian P.M. Brian Mulroney and Mexican Pres. Carlos Salinas signed NAFTA 12/17, which would "eliminate import taxes and other barriers to commerce across North America." Congress "seems likely to pass the implementing legislation eventually, though many members are uneasy about the agreement in its present form." Sen. Pat Moynihan (D-NY), referring to Clinton: "The President's view will be the most important one, and we will listen to that." Sen. Max Baucus (D-MT) noted Clinton "will have a much easier chance, a much better chance" than Bush to push the legislation through Congress (Bradsher, N.Y. TIMES, 12/18). Clinton: "I want to reaffirm my support for this agreement and underscore my commitment to work with the American people and our neighbors to the north and south to ensure NAFTA is properly implemented. The goal of free trade is one I support but NAFTA is only one piece of the strategy necessary to ensure that we move wisely toward an integrated region" (Clinton release, 12/17). AFL-CIO Treas. Thomas Donahue called it "a George Bush mistake": "We think that any agreement must address the current problems of trade with Mexico, clean up the awful border pollution caused by U.S. corporations in Mexico, include environmental, worker rights and health and safety standards and strong enforcement of those standards. The Bush NAFTA agreement will achieve none of those goals" (release, 12/17). Balto. SUN editorial: "Bush has done [Clinton] a favor -- a favor akin to handing a hungry man a very hot potato" (12/18). CNN's Dougherty: "Bush signed the agreement on the very first day that he could legally have done that, and by doing that he puts the ball squarely in Bill Clinton's corner, forcing him to expend some valuable political capital perhaps earlier than he had wanted to" (12/17).

ONLY WINNER? N.Y. TIMES' Bradsher writes U.S. Trade Rep. Carla Hills is the "only economic official" in the Bush cabinet to emerge with an enhanced reputation." Even Hill's "critics acknowledge" that with the signing of NAFTA, Hills has "completed more of her agenda than her cabinet colleagues" (12/18).

***11 GAS TAX: GM FOR BOOSTING GAS TAX, CLINTON OPPOSED**

General Motors has joined Ford and Chrysler in "supporting an increased federal gasoline tax as the way to persuade consumers to buy small cars and to meet federal gasoline mileage requirements," Chrysler chair Lee Iacocca said. The new

agreement between the Big 3 "stakes out a position in advance of an expected confrontation next year over auto fuel efficiency and pollution control" (Brown/Swoboda, W. POST, 12/18). In an interview with the W.S. JOURNAL, Clinton "rejected a steep increase in the gasoline tax, calling even a modest 15-cent-a-gallon rise 'excessive' and noting that a higher gas tax would be disproportionate burden on people who live in Western states and drive longer distances. He didn't rule out a smaller increase in the gasoline tax if it was accompanied by offsetting tax breaks for the working class, and he himself raised the possibility of an oil import fee" (Birnbaum/Frisby, 12/18). Evans & Novak, on the econ. conference: "While Bill Clinton wowed the media by displaying how well he had mastered his economic lessons, hard-nosed Democratic politicians were most pleased by the way the president-elect staved off the embrace of gasoline tax boosters" (W. POST, 12/18). W. POST editorial: "It's an attractive principle -- although it might better be applied in a country closer to balancing its national budget than this one" (12/18).

MORE CONFERENCE RAVES: S.F. EXAMINER's Matthews: "If his about-to-be predecessor, George Bush, can boast an international Rolodex, Clinton certainly has all the bases covered stateside. For two days, the 46-year-old brandished a first-name fellowship with every big shot from Berkeley to Boston. ... If there's a Democrat with an idea, it seems, Bill Clinton not only knows the person but can speak the same language" (12/18). WICHITA EAGLE: "A more encouraging sign for a new presidential administration you couldn't see. Bill Clinton won't be inaugurated for another month and already he's taking charge of this country" (12/17). K.C. STAR: "Bill Clinton played the conference the way a great conductor leads an orchestra" (12/17). ORLANDO SENTINEL: "If [Clinton's] approach to tackling the nation's economic problems resembles his two day economic conference this week, then there's reason for enthusiasm" (12/17). More from Chris Matthews: "He did get business on his side. ... He didn't show a lot of profiles in courage down there. They raise [the issue of taxes] he shut up, they raise [the issue of] defense cuts, he shut up." Wm Bennett: "He did dodge most of the hard questions down there" ("GMA," ABC, 12/18).

===== 50 STATE REPORT =====

*12 1994 SENATE RATINGS: ROTHENBERG SEES DEMS MORE VULNERABLE
The following "Reelect Ratings" are from analyst Stuart Rothenberg (ROTHENBERG POLITICAL REPORT, 12/17 issue). Open seats in CAPS.

REPUBLICANS (12)		DEMOCRATS (22)
	HIGHLY VULNERABLE	
Durenberger (MN)		DeConcini (AZ)
		Robb (VA)
	VULNERABLE	
Burns (MT)		Metzenbaum (OH)
Gorton (WA)		Riegle (MI)
		TEXAS (Bentsen)
	WATCH LIST	
Chafee (RI)		Kohl (WI)
Hatch (UT)		Lautenberg (NJ)
Jeffords (VT)		Sasser (TN)
Mack (FL)		Wofford (PA)
Wallop (WY)		TENNESSEE (Gore)
	CURRENTLY SAFE	
Danforth (MO)		Akaka (HI)
Lott (MS)		Bingaman (NM)
Lugar (IN)		Bryan (NV)
Roth (DE)		Byrd (WV)
		Conrad (ND)
		Feinstein (CA)
		Kennedy (MA)
		Kerrey (NE)
		Lieberman (CT)
		Mitchell (ME)
		Moynihan (NY)
		Sarbanes (MD)

===== 50 STATE REPORT =====

*13 COLORADO: MAYORS MOVE OUT

The U.S. Conference of Mayors' exec. cmte. decided 12/17 to "drop Colorado as the venue for their annual conference next year" due to the passage of the anti-gay-rights Amendment 2. 10 of the 18 cmte. members were present at the meeting and "voted unanimously to reject" Colorado Springs as their meeting site, but not before CO Springs Mayor Robert Isaac (R) "tried to convince them that his city deserved to host the conference." Conference exec. dir. Thomas Cochran said the mayors "feel like this is a very sensitive matter" and that the meeting had been "very emotional ... there were people practically crying." Cochran added the cmte. could not elaborate due to "financial and legal issues" involved with the cancellation (R.M. NEWS, 12/18). He did say the decision was a "statement that we cannot be seen as endorsing bigotry in any way. ... There was also feeling that, if the mayors are going to govern, they have to be able to protect the civil rights of all their citizens" (W. POST, 12/18).

*14 VIRGINIA: ROBB EXPECTS TO BE INDICTED

"After nearly six hours of grilling during a repeat performance before a federal grand jury" Sen. Chuck Robb (D-VA) said 12/17 he "expects to be indicted but believes he will be

exonerated at a trial" (Allen/Geroux, RICHMOND TIMES-DISPATCH, 12/18). Robb: "Any other outcome at this level is pretty far-fetched. ... The prosecutors have been working on me for six years. There's never any question about that." Robb testified for 5 hours and 45 minutes and left the courthouse "proclaiming his innocence." According to reports, Robb could be indicted for "conspiracy to violate the federal wiretapping law and obstruction of justice" (Eure, Norfolk VIRGINIAN-PILOT, 12/18). The grand jury did not vote on a proposed indictment yesterday and federal prosecutor Robert Wiechering reportedly asked the panel to return 1/93 to decide whether to indict him (Baker/Howe, W. POST, 12/18). Robb said the case "'never should have gone this far,' and added, without elaborating: 'Some individuals in the Department of Justice clearly are trying to wash their hands of it'" (RICHMOND TIMES-DISPATCH, 12/18).

ABOUT THE TESTIMONY: One of Robb's attys, Stuart Philip Ross, "was surprised" by the length of Robb's questioning, "having expected his testimony to last two hours" (W. POST, 12/18). Ex-Robb aide Bobby Watson's atty John Flannery: "A witness appearing for so long a time before a grand jury at this late date suggests a situation out of control." Robb consultant Bob Squier: "He's a very gritty man. This is a man who would want to make sure he did everything possible to explain himself." Robb "made a point of telling reporters": "We had three or four breaks. I didn't request any of the breaks. The breaks were requested by the prosecutor" (TIMES-DISPATCH, 12/18). Flannery: "It didn't sound like a love-fest to me" (W. POST, 12/18). "Legal observers describe Mr. Robb's appearance as a last ditch gambit to set the record straight" (Clardy, W. TIMES, 12/18).

A LITTLE HISTORY: The grand jury is trying to determine whether Robb played a part in making public a private car phone conversation between VA Gov. Doug Wilder (D) and a supporter (N.Y. TIMES, 12/18). Four "Robb associates" have pleaded guilty to tape-related offenses (RICHMOND TIMES-DISPATCH, 12/18).

*15 WASHINGTON: "FRINGIES" CHALLENGED BY GOP MODERATE FOR CHAIR

GOP consultant Jerry Kroon (R) entered the race for WA GOP chair pledging to "challenge both the status quo and 'the fringies' from the religious right" (SEATTLE POST-INTELLIGENCER, 12/17). Kroon has been "an outspoken critic of the state" and national conventions: "The fringe people (who controlled the convention) will spell goodnight for the party and we certainly don't need a status quo candidate either." Kroon, whose client list includes Sen. Slade Gorton (R) pledged: "There will not be a litmus test for candidates, [and] that we will have a broad agenda and will accept responsible Republicans of all stripes." Kroon, described as "pro-choice on abortion and a self-described 'traditional conservative,'" proposes a "seven-step plan for rebuilding 'a truly inclusive party.'" Kroon's "early contacts with the state committee, coupled with victories by moderates and Reagan conservatives in a number of counties [gives] him optimism that he'll be elected." Current WA GOP chair Ben Bettridge (R), who was appointed to succeed Rep.-elect Jennifer Dunn, has already announced. Other candidates: Ex-Clark Co. GOP chair Bob Shaffer (R), "who is supported by the religious right", and state Sen. Jim West (R). The chair election is on 1/23 (AP, 12/17).

*16 VIRGINIA GOVERNOR: TERRY, WILDER SPAT FINDS WAY INTO COURT

A Richmond Circuit judge "said ... he won't decide until next week whether he can stop" Gov. Doug Wilder (D) "from dumping" AG Mary Sue Terry (D) "as the lawyer for the Virginia Retirement System [VRS]. The two Democrats, however, continued sparring in their unprecedented legal and political fight that has left trustees of the \$14.5 billion fund uncertain whether they even have legal counsel" (Schapiro, RICHMOND TIMES-DISPATCH, 12/18). "In a move unprecedented" for VA, Terry filed a lawsuit against Wilder "to prevent him from firing her as lawyer" for VRS. Wilder, "in turn issued a bitter denunciation of Terry's tactics." The Richmond Circuit Court Judge "rejected Terry's request that she, ... be declared the fund's lawyer." Wilder said he fired her "because her pointed criticism of the agency left her with a conflict of interest." Terry's suit maintains he has no authority to dismiss her. Wilder accused Terry of "political grandstanding and legal ineptitude" (Harris, W. POST, 12/18). He "called her actions a "stunt ... damaging to our commonwealth" (W. TIMES, 12/18). Terry is expected to announce her candidacy for Wilder's seat.

HO HO HO: W. TIMES header: "Wilder-Terry feud Christmas gift for GOP." VA GOP exec. dir. Joe Elton: "Wilder has just shot a huge hole in Mary Sue Terry's gubernatorial boat. We hope he keeps it up" (12/18). Wilder said Terry's "own political fortunes now are damaged." Retired businessman Earle Williams (R) said Terry should have objected two years ago if she knew there was wrongdoing at VRS: "Everybody recognizes she's just trying to shift the blame. ... [Terry and Wilder] look like children fighting in a sandbox" (W. POST, 12/18).

*17 TEXAS SENATE: TEN-GALLON TOSSED

Rep. Joe Barton (R-06), who became the first candidate for the Lloyd Bentsen's (D) Senate seat to formally enter the race, "is taking no chances of guilt by association" with the Congress. Barton: "I have no bounced checks, not a one." He noted he requires drug tests for his staff and said "I have zero tolerance for illegal drugs" (Copelin, AUSTIN AMERICAN-STATESMAN, 12/18). Treas. Kay Bailey Hutchison (R) "filed federal paperwork to allow her to start raising money" for the race and said in a statement: "Joe Barton is the first of what is sure to many who will throw their hat in the ring." Most reports note Barton's pro-life stance and his assumption that abortion rights will not be an important issue in the race. GOPers "considering" the race: Rep. Jack Fields (R-08), Public Utilities Commis. Marta Greytok (R) and ex-RR Commis. Kent Hance (Ratcliffe/Ramsey, HOUSTON CHRONICLE, 12/18). Fields is "expected to make an announcement within a few days" (Stutz, DALLAS MORNING NEWS, 12/18). Other GOPers mentioned: Ex-sec/state Jack Rains, ex-Rep. Kent Hance and Dallas Mayor Steve Bartlett.

THE DEMOCRATS: Gov. Ann Richards (D) "is still considering several people and hopes to make an announcement within a week" (DALLAS MORNING NEWS, 12/18). Ex-AG Jim Mattox (D) is "75 percent" sure he'll enter the special election against Richard's eventual nominee and RR Commis. Bob Krueger "said he is also likely to enter the contest." The speculation around whom Richards will appoint "now centers on" ex-LG Bill Hobby (D) and his son ex-federal prosecutor Paul Hobby (D) (HOUSTON CHRONICLE, 12/18). DALLAS MORNING NEWS reports the elder Hobby is "no longer under consideration" (12/18). TX AFL-CIO pres. Joseph Gunn said labor is "not excited" about either Hobby and believes

Richards is now focusing on Reps. like Mike Andrews (D-25), John Bryant (D-05), Martin Frost (D-24) and Jim Chapman (D-01) (HOUSTON CHRONICLE, 12/18). "Among the latest Democrats in" is state Sen. John Montford. Also: AG Dan Morales, Supreme Ct. Judge Lloyd Doggett, sec/state John Hannah, ex-Ag Commis. Jim Hightower and activist Sissy Farenthold (AUSTIN AMERICAN-STATESMAN, 12/18).

NOW WHAT? Dem optimism about retaining the seat "appears to be diminishing." One Dem consultant: "This thing is becoming the perils of Pauline. She needs to do something pretty fast. The situation is deteriorating." Gunn: "At this point, I would favor the governor running because she's an automatic win" (HOUSTON CHRONICLE, 12/18). Richards press sec. Chuck McDonald said she is "talking to anyone who's interested": "One candidate out equals 10 more in" (AMERICAN-STATESMAN, 12/18).

*18 NEW YORK CITY MAYOR: MIXED REVIEWS FOR DINKINS IN BROOKLYN
Mayor David Dinkins (D) "went into Brooklyn for the second day in a row ... in search of long-term ethnic and racial harmony." He brought with him "an array of relatively small initiatives intended to demonstrate what City Hall can do for the neighborhood." Among the initiatives is an increase in the number of area police (Finder, N.Y. TIMES, 12/18). Dinkins' description of a "cordial discussion" with Jewish leaders 12/16 "contrasted with private accounts" by some participants, "who described themselves as frustrated by the mayor's responses" (Liff, N.Y. NEWSDAY, 12/17). Jewish leaders said Dinkins' "failure to denounce inflammatory remarks" by black leaders "is one of the prime reasons they're still furious with him" (Steier, N.Y. POST, 12/17). Recently, some non-Orthodox Jewish groups have criticized Dinkins, "raising the possibility of serious political consequences" for him, "whose narrow victory" in '89 "depended, in part, on broad support from Jewish New Yorkers." Several Jewish attendees said the meeting "produced no specific results," but mayoral advisers said the fact that Dinkins "could meet directly" with critics and that it "remained civil was a hopeful sign" (Finder, N.Y. TIMES, 12/17).

===== POLL UPDATE ==
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*19 W.S. JOURNAL/NBC: U.S. SEEN BACK ON RIGHT TRACK
1,004 adults surveyed 12/12-15; margin of error +/- 3%.
Subsample: 813 registered voters; +/- 3.5% (WSJ release, 12/17).
All results are from the full sample unless indicated.

U.S. DIRECTION (RVs)	12/92	10/92	9/92	8/92	5/92	12/91
Right direction	47%	16%	18%	16%	14%	20%
Wrong track	31	69	67	70	72	65

	12/92	11/92	9/92	7/92
RVs	POS/ NEG	POS/ NEG	POS/ NEG	POS/ NEG
George Bush	46%/ 34%	41%/ 46%	40%/ 44%	35%/ 46%
Bill Clinton	60 / 19	46 / 39	47 / 33	30 / 38
Ross Perot	34 / 35	32 / 39	24 / 43	37 / 31
Al Gore	54 / 19		47 / 20	
H. Clinton	46 / 22		36 / 25	22 / 30

BUSH JOB OVERALL (RVs)	12/92	11/92	10/92	7/92	1/92	1/90
Approve	49%	40%	32%	38%	53%	71%
Disapprove	43	52	63	56	40	19
BUSH JOB ECONOMY (RVs)						
Approve	27		17	19	23	54
Disapprove	67		77	76	70	31
BUSH JOB FOR. POL. (RVs)						
Approve	71		62	51	63	69
Disapprove	22		31	41	30	21

		TOWARD CLINTON		BENSTEN AS
CLINTON TRANSITION		SINCE ELECTION	CLINTON APPTS	TREAS. SEC.
Approve 77%		More fav. 28%	Pleased 55%	Approve 54%
Disapprove 8%		Less fav. 5	Displeased 12	Disapp. 16

CLINTON GOALS		HOW MUCH TO GET DONE?		ATTITUDE TWD
		MOST SOME LITTLE		APP. DISAPP.
Cut clout of special interests	15%	46%	36%	
Cut size of federal government	11	45	39	
Cut deficit 50% in 4 years	7	33	58	
Allow gays in US military	28	31	31	46% 49%
National health care program	29	51	17	86 10
Improve overall economy	21	53	23	
National service for all young	32	43	14	85 4

WHO WILL CLINTON BE MOST LIKE IN TERMS OF STYLE?	
Kennedy 43%	Nixon 3
Carter 25	Bush 2
Truman 6	None (vol.) 6
Reagan 4	Not sure 11

HILLARY CLINTON	YES	NO
Qualified to be an adviser to husband	63%	24%
Is a positive role model for women	66	21
Favor her appointment to an official position	32	59

CONGRESS AND PRESIDENCY (RVs)	12/92	8/92	1/92
Better if controlled by same party	37%	43%	28%
Better if controlled by diff. parties	51	44	62

OF 71% FAMILIAR WITH	MIDDLE CLASS	ECONOMY IN	CLINTON ECO.
CHARGES VS. PACKWOOD	TAX CUT WILL	NEXT YEAR	POLICIES WILL
Should resign 60%	Help econ. 46%	Better 53%	Help 31%
Should not 21	Hurt econ. 11	Worse 10	Hurt 21
Only if proven 6	No diff. 38	Same 35	No diff. 44

ALSO: 74% think US troops should be in Somalia, 67% feel comfortable that Clinton can handle the issue, 83% think they will be there more than three months; by 62/26 sending troops to Yugoslavia is opposed; by 55/35 sending help to Russia to strengthen its economy is supported.

*20 ABC/W. POST: SEXUAL HARASSMENT

1,011 adults surveyed 12/11-14; margin of error +/- 3%.
 Subsample: 805 OR adults 12/13-15; +/- 4% (W. POST, 12/18).
 "H/R" -- subsample of 687 respondents who have heard or read reports of the Packwood allegations.

	YES	NO
Was Anita Hill sexually harassed by C. Thomas?	53%	37%
Do you think sexual harassment in the workplace is a big problem in the U.S.?	85	13

IS IT HARASSMENT WHEN A SUPERVISOR ...

Tells sexual jokes to a woman who works for him and has never told him similar jokes?	59	36
Pressures a women who works for him to go out on a date?	84	13
Makes uninvited remarks that have sexual references to a woman who works for him?	80	16
Flirts with a woman who works for him who has not flirted with him before?	44	50
Displays sexually oriented pictures or calendars where women work?	69	27

Packwood probably did/didn't make unwanted advances?	ALL H/R OR		
Did	58%	83%	73%
Did not	6	4	5
If reports are true Packwood should:			
Be disciplined by the Senate	65	80	63
Resign	42	50	46
Packwood apologized to the women who complained:			
Primarily to save his political career	82	87	74
Sincerely sorry for how he treated them	23	7	17

===== TV MONITOR =====

*21 THIS MORNING: All the network morning shows hosted correspondents from Somalia and other parts of Africa. ABC's "GMA" hosted GOP strategist Wm. Bennett, S.F. EXAMINER's Chris Matthews, EPA admin. Wm Reilly. NBC's "Today" hosted Harvard Med. School's Dr. Ronald Desrosiers, NIH's Dr. Anthony Fauci, Women's Commis. on Refugee Women & Children's Catherine O'Neill, Yugoslavian-area journalist Slavenka Drakulic (12/18).

LAST NIGHT: ABC led with a report that Saddam Hussein may be planning to attack Kurdish areas that are under U.S. protection. NBC led with an AIDS virus developed at Harvard. CBS and CNN led with Bosnia. PBS' "MacNeil/Lehrer" led with Clinton's cabinet appointments. "M/L" focused on HUD appointee Henry Cisneros with SAN ANTONIO LIGHT's Rick Casey, and Sec/Vet appointee Jesse Brown with Bush/Quayle personnel dir. Tom Harvey. CNN's "Crossfire" hosted Bosnia Ambassador to the U.N. Mohammed Sacirbey and CATO Inst.'s Doug Bandow on Bosnia. "Larry King Live" hosted Mark David Chapman. ABC's "Nightline" focused on the FCC fines Howard Stern has received (12/17).

DON'T MESS WITH BILL: Chris Matthews: "This guy shows, you don't mess with him. He hasn't mentioned the name of a single guy that ran against him. Have you heard the name Bob Kerrey mentioned for a cabinet post, or Paul Tsongas, or Doug Wilder, let alone Jerry Brown. ... If you cross Bill Clinton, you're out of his league and I think it's very important to think about that if you're Mario Cuomo, who had a little tussle with him in the campaign. If he thinks he's getting on the Supreme Court thanks to Bill Clinton, I think he's dreaming" ("GMA," ABC, 12/18).

FAREWELL ADVICE AND COMMENTARY: EPA admin. Wm Reilly on the Bush enviro record was criticized: "The [Dems] did a better job of communicating a sense ... that you can put your economic aspirations together with your environmental goals and make them reinforce one another. ... That was [Bush's] message. When we got into the economic difficulties in the last year and half or so, when he was challenged from the right by Pat Buchanan, we began to lose sight of that message." On why the different messages: "We certainly had very public conflicts. I think those conflicts hurt [Bush]. They didn't, in the end, do much to diminish the strength of the record." On if it was a mistake to not sign the Rio treaty: "Politically, the truth is we never recovered from the bad press, ... the isolation in Rio." On the future of the EPA: "Now is the time to strengthen the agency and my own suggestion would be to move the scientific capability of the National Oceanic Atmospheric Administration into an expanded EPA and raise it [all] to cabinet status" ("GMA," ABC, 12/18).

===== TV SOUNDBITE =====

"The beings who are emerging all come out of different pods."
-- GOP strategist Bill Bennett, on Clinton's pick thus far,
"CBS Morning News," 12/18

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PARTICIPANTS FOR U.S.-EC MEETING AND LUNCH DECEMBER 1992

U.S.

The President
The Vice President
Acting Secretary of State Arnold Kanter
Nicholas Brady, Secretary of Treasury
Carla Hills, U.S. Special Trade Representative
James A. Baker III, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert Zoellick, Deputy Chief of Staff
James Dobbins, U.S. Ambassador to the EC
Ralph R. Johnson,* Deputy Assistant Secretary of State
for European Affairs
Eric Melby,* NSC
E. Anthony Wayne, NSC (notetaker)

EUROPEAN COMMUNITIES

John Major, Prime Minister of the United Kingdom and
EC Council President
Jacques Delors, President of the Commission of the
European Communities
Sir Robin Renwick, Ambassador of the United Kingdom
Andreas van Agt, Head of the Delegation of the Commission of the
European Communities
Christopher Roberts, Deputy Secretary, Department of Trade
and Industry
Horst Krenzler, Director General, External Relations, Commission
of the European Communities
Stephen Wall, Private Secretary to the Prime Minister
Bernard Zep, Advisor to the President of the Commission of the
European Communities
Sarah Hogg, Head, Policy Unit, Office of the Prime Minister
Ove Juul Jorgensen, Director for North America, External Relations,
Commission of the European Communities
Gus O'Donnell,* Press Secretary, Office of the Prime Minister
Lodewijk Briet,* Head of Unit for Political Cooperation,
Commission of the European Communities

* Will not join for lunch.

THE WHITE HOUSE
WASHINGTON

POTUS

YOU MIGHT
ASK IF ANY
OTHERS HAVE A
COMMENT ON
URUGUAY ROUND. →

(ZOEELICK DOES)

POTUS

**DEPARTURE STATEMENT - MAJOR & DELORS
FRIDAY, DECEMBER 18, 1992**

REVISED

**TODAY'S DISCUSSIONS WITH PRIME MINISTER
MAJOR AND PRESIDENT DELORS MARK OUR FIFTH ~~MEETING~~ 13 49:43
MEETING SINCE WE AGREED TO SEMI-ANNUAL
CONSULTATIONS WITH THE EUROPEAN COMMUNITY.**

11:14 PM:30

- 2 -

**THE FREQUENCY OF THESE MEETINGS IS A SIGN
OF THEIR VITAL IMPORTANCE -- FOR THE WORLD
TRADING SYSTEM, FOR OUR ECONOMIC WELL-BEING,
AND FOR MEETING THE CHALLENGES OF THE NEW
WORLD.**

**THIS MORNING, WE COVERED A BROAD AGENDA,
REFLECTING THE MANY INTERESTS WE SHARE IN OUR
GLOBAL PARTNERSHIP.**

ON TRADE, WE ARE OF ONE MIND. WE AGREE THAT A SOUND URUGUAY ROUND AGREEMENT IS ESSENTIAL TO BOOST WORLDWIDE ECONOMIC GROWTH. AND WE ALL AGREED TO CONCLUDE THE GATT AGREEMENT IN GENEVA BY MID-JANUARY. WE HAVE INSTRUCTED OUR NEGOTIATORS TO WORK TOGETHER TO THIS END.

WE ARE COMMITTED NOT ONLY TO RESOLVING THE DIFFERENCES REMAINING AMONG OURSELVES -- BUT ALSO TO ENCOURAGING JAPAN AND OTHER COUNTRIES TO JOIN US IN AN ENERGETIC EFFORT TO BRING THE NEGOTIATIONS TO A SUCCESSFUL CONCLUSION.

I CONTINUE TO BELIEVE THAT FOR THE PEOPLE OF EUROPE AS WELL AS THE UNITED STATES, FREE AND OPEN TRADE IS THE KEY TO EXPANDING PROSPERITY. A SUCCESSFUL URUGUAY ROUND COULD RESULT IN OVER \$5 TRILLION IN INCREASED WORLD OUTPUT OVER THE NEXT TEN YEARS.

OUR ESTIMATES SUGGEST THAT THE EUROPEAN COMMUNITY'S GAINS WOULD AMOUNT TO ABOUT \$1.4 TRILLION AND THE UNITED STATES WOULD BENEFIT FROM A BOOST OF APPROXIMATELY \$1.1 TRILLION IN THAT PERIOD. CLEARLY, THESE TREMENDOUS GAINS WOULD PROMOTE THE WELL-BEING OF ALL OF OUR CITIZENS.

ALSO THIS MORNING, WE DISCUSSED THE CONTINUING TRAGEDY IN WHAT WAS ONCE YUGOSLAVIA. WE REAFFIRMED OUR COMMITMENT TO THE UNHINDERED FLOW OF HUMANITARIAN AID, AND TO ENDING THE VIOLENCE THERE THROUGH A SOUND POLITICAL SOLUTION.

WE ALSO REITERATED OUR CONTINUED SUPPORT FOR THE RUSSIAN PEOPLE'S BRAVE EFFORTS TO CREATE A MARKET ECONOMY.

WE BELIEVE THAT REFORMS MUST BE IMPLEMENTED QUICKLY IF EXTERNAL AID IS TO BE EFFECTIVE. USED WISELY, WESTERN AID CAN BE A CATALYST TO DEMOCRATIC REFORM -- REFORMS THAT ARE IN THE INTERESTS OF ALL THE WORLD. WE AGREED TO WORK CLOSELY WITH PRESIDENT YELTSIN TO ACHIEVE THESE GOALS.

I TOOK THE OPPORTUNITY THIS MORNING TO SHARE WITH PRIME MINISTER MAJOR AND PRESIDENT DELORS OUR VIEWS OF THE MIDDLE EAST PEACE PROCESS. I WELCOME THE CONTINUED ACTIVE ROLE OF THE EC, PARTICULARLY IN THE MULTILATERAL SIDE OF THE TALKS.

AFTER PRIME MINISTER MAJOR AND PRESIDENT DELORS BRIEFED ME ON THE RESULTS OF THE EC SUMMIT IN EDINBURGH THIS WEEKEND, I REAFFIRMED AMERICA'S LONGSTANDING SUPPORT FOR EUROPEAN INTEGRATION.

I WANT TO THANK THE PRIME MINISTER AND THE PRESIDENT FOR THEIR SUPPORT AND FRIENDSHIP -- FRIENDSHIP THEY HAVE SHOWN ME PERSONALLY AND THE PEOPLE OF THE UNITED STATES. TALKS SUCH AS THESE SERVE AS A REMINDER OF THAT FRIENDSHIP, AND OF OUR COMMON INTERESTS IN CREATING A WORLD OF PEACE AND PROSPERITY FOR ALL OUR PEOPLES.

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11:00 A.M. NEWS UPDATE

MAJOR, DELORS VISIT (Christopher Connell, AP) -- President Bush has some weighty overseas problems -- trade, Bosnia and Mideast peace -- to discuss with Prime Minister Major and European Commission President Delors. White House and European officials said the unsettled situation in the former Soviet Union also would be high on their agenda.

MEETING WITH PALESTINIANS (Ruth Sinai, AP) -- President Bush met with Palestinian leaders who appealed anew to the U.S. to pressure Israel to rescind its deportation of 400 Palestinians. Faisal Husseini, a political adviser to Yasser Arafat, warned that Israel's action was "a dangerous one. It can destroy the whole peace process.... Something must be done to avoid such a result."

PEACE TALKS/ISRAEL (Reuter) -- Israel's ambassador to the U.S. predicted that the Palestinians would return to the negotiating table despite Israel's expulsion of more than 400 Palestinians. "Most of the Palestinians want to come to some sort of arrangement," Zalman Shoval said on the Fox television network. "We won't let the Hamas people kill the peace process."

SOMALIA (UPI) -- The commander of U.S. Central Command said other countries have committed an additional 10,000 troops to the humanitarian effort in Somalia, allowing some U.S. troops to return home next month. Marine Gen. Joseph Hoar also told a news conference in Mogadishu, however, that there are still not enough troops on the ground to prevent looting in the countryside.

(Baidoa/AP) -- Snipers fired on U.S. Marines on night patrol in Baidoa, and troops prepared to go into sections of the capital where aid workers had been frightened away by gun battles. The Marines came under fire Thursday, corps spokesman Maj. Mark Hughes said. There were no injuries and the Marines did not return fire.

ARMS-CONTROL/YELTSIN/U.S. (Reuter) -- U.S. officials said they were caught by surprise by President Yeltsin's announcement that a major new arms-control agreement was ready for signing with the U.S. next month. "Nobody here knows anything about it.... It's great news if it's true," one State Department official said.

JET SALES TO TAIWAN/CHINA (Beijing/Reuter) -- China has asked the U.S. to call off its sale of 150 F-16 fighter jets to Taiwan, saying Beijing is not yet willing to close the book on the issue. "The American side must face up to the fact...and settle the issue which is detrimental to bilateral ties," Vice Foreign Minister Liu Huaqiu told visiting assistant Secretary of State Clark, according to official Xinhua news agency.

TRADE/CHINA (Beijing/AP) -- Secretary Franklin said that improving trade relations and reducing the huge U.S. trade deficit with China will only happen gradually. Quoting a Chinese proverb, Franklin said, "The journey of a thousand miles starts with a single step.... That's what we are doing. We are taking those steps." Franklin spoke at a news conference at the conclusion of two days of talks with Li Lanqing, the minister of foreign economic relations and trade.

Daily 12/18
FYI

WHERE THEY'RE HEADED:

In the weeks ahead, the Bulletin will report on the positions that those in the Bush Administration will be assuming upon their departure. We welcome news on these personnel changes. Please call 703-684-2020.

OP
/

Former White House Chief of Staff Sam Skinner will leave Washington to become President of Commonwealth Edison. The utility is the nation's third largest. Skinner, Bush's first Secretary of Transportation, has been serving as the General Chairman of the Republican National Committee since leaving the White House this summer, and will be paid \$490,000 a year in his new job.

Bill Kristol plans to leave his position as Vice President Quayle's Chief of Staff to direct the "Bradley Project of the '90s." Kristol hopes to step back from the Washington scene and take a hard look at the future of conservatism. Jay Lufkowitz, the director of White House Cabinet Affairs, will join Kristol in the new project, which will be funded by the Lynde and Harry Bradley Foundation. According to Lufkowitz: "Our objective is to take from six to nine months to travel around the country and meet with political and academic leaders, community activists, and really learn more about how to help the conservative movement -- people who are interested in self government and traditional values."

Antagon officials, the network
am intends to launch an attack or
-scale exercises in Iraq's northern

omment on the report.

(Nation, Washington Times, A2)

CP

U.S. PRESSES MEXICO IN DRUG GANG DEATHS

MEXICO CITY -- The U.S. Drug Enforcement Administration has obtained information on the location of a Mexican grave containing the bodies of at least four American citizens killed in 1984 by the same Mexican drug lords who ordered the February 1985 torture-killing of DEA agent Enrique Camarena, according to U.S. sources.

The Mexican government, however, has failed to investigate the DEA's findings and has not permitted DEA access to the site, the sources said. The Mexican government, meanwhile, is insisting that the U.S. extradite the Mexican informants believed to have furnished the information to the DEA. Mexico contends that the informants participated in the Americans' killings.

The grave, which is believed to hold the remains of four American Jehovah's Witnesses and an undetermined number of Mexicans, is said to be in Jalisco state near Guadalajara, where Camarena was tortured and killed by members of a powerful drug cartel.

(Tod Robberson, Washington Post, A39)

KERRY SAYS VIETNAMESE MORE FORTHCOMING ON ISSUES OF MISSING U.S.

Sen. Kerry said Thursday that Vietnamese officials have responded to recent American goodwill gestures by becoming more forthcoming on missing U.S. servicemen in Southeast Asia.

In a telephone interview from Hanoi, where he and Sen. Smith are meeting with Vietnamese officials on the POW issue, Kerry said U.S. officials should soon gain access to military records they have long sought, including the first Vietnamese accounts of U.S. pilots shot down over the Ho Chi Minh trail in Cambodia and Laos.

Other records were given to the senators Thursday, Kerry said. Some are quite specific -- including details of where U.S. planes were shot down, how pilots died and where their remains were buried.

President Bush announced Monday that the U.S. was easing its trade embargo with Vietnam, allowing American companies to sign contracts to do business there.

Bush's action has left the Vietnamese "very pleased," Kerry said. "It has given them confidence that this is a road worth going down."

(John Farrell, Boston Globe)

###

NETWORK NEWS

(Thursday evening)

BOSNIA/U.S. INTERVENTION

CBS's Dan Rather: The U.S. could soon find itself in the middle of the war in what used to be Yugoslavia. The NATO allies finally said today they are ready to enforce the U.N. no-fly zone over Bosnia. And President Bush is now offering U.S. warplanes to do the job. 1 7

CBS's David Martin reports today the West inched closer to some kind of action when Secretary Eagleburger told NATO foreign ministers the U.S. is willing to use its warplanes to shoot down any aircraft which violate a flight ban over Bosnia. At the same time, however, the leader of the Serbs in Bosnia [Karadzic] sent a letter to the U.N. Secretary-General warning that if Serbian aircraft were shot down, U.N. peacekeeping forces on the ground would be declared hostile. Using American aircraft to enforce the ban risks more than just the physical safety of U.N. troops. When they do become targets it will be harder to deliver the relief supplies which are staving off mass starvation. All that to enforce a ban which is being violated by Serbian helicopter flights but which nevertheless has succeeded in stopping most of the killing from the air. If U.N. peacekeepers were attacked, I think you would see the U.S. and its allies go from simple enforcement of the no-fly ban to actually flying close-air support for relief convoys. And that, of course, would be one step deeper into Bosnia.

(CBS-Lead)

NBC's Tom Brokaw reports President Bush was shot down by his NATO allies today on his offer to use American warplanes to enforce the ban on Serbian flights over Bosnia. NATO said no to the President's plan but said it would back the U.N. Security Council if it decides to use military action to police those Bosnian skies. 2

(ABC-3, NBC-7)

SADDAM/TROOPS ON NORTHERN BORDER

ABC's Peter Jennings: We haven't said it for many months. We begin tonight with Saddam Hussein. While Governor Clinton was concentrating today on who's going to be his secretary of HUD and in charge of veterans affairs and President Bush was trying to figure out what to do Somalia, Bosnia-Herzegovina, and the Israeli-occupied territory, it suddenly looked to U.S. intelligence as if Saddam Hussein might be trying to take advantage.

ABC's Bob Zelnick reports senior Pentagon officials have told ABC News that Saddam has consolidated his forces in Northern Iraq to such an extent during the past six weeks that military analysts believe he may be preparing an attack against Kurdish areas which have been under the protection of the U.S. According to senior Pentagon officials, Saddam has shifted substantial numbers of tanks and other heavy weapons to front-line positions opposite the Kurdish sanctuary.

-more-

**ISRAEL EXILES 383
ARABS TO LEBANON**

JERUSALEM -- Israel Thursday forcibly exiled to Lebanon 383 suspected activists in the Muslim fundamentalist movements Hamas and Islamic Jihad after the High Court of Justice permitted the unprecedented mass deportations in retaliation for the killing of four Israeli soldiers and a policeman in recent days.

Israel drew criticism abroad for the largest mass deportation of Palestinians it has ever attempted, including protests from the U.S. and Britain and from Arab capitals and their delegations at the Washington peace talks. Lebanon put its army on alert and threatened to turn back the deportees.

(David Hoffman, Washington Post, A39)

**U.S. TRYING TO GET
ISRAEL TO REVERSE DEPORTATIONS**

The U.S. is looking for ways to make Israel rescind its deportation of about 400 Palestinians so the Arab-Israeli peace talks can get back on track.

The U.S. could back a U.N. Security Council resolution ordering Israel to reverse the expulsions, according to an Administration official. Western diplomats said the council Friday would overwhelmingly adopt the resolution, which carries no punitive action.

"We believe every government throughout the world has an obligation to the fundamental principles of human rights, the rule of law and democratic principles," said State Department spokeswoman Nancy Beck. "We therefore strongly condemn the action of deportation," she said.

James Baker planned to discuss the deportations Friday with Faisal Husseini, a political adviser to Yasser Arafat, and with Palestinian spokeswoman Hanan Ashrawi. President Bush was likely to drop in, an aide said.

(Ruth Sinai, AP)

**MIDDLE EAST PEACE TALKS
RECESS AMID RANCOR**

The eighth round of Middle East peace talks ended Thursday amid angry recriminations that left Arabs and Israelis waiting to see whether President-elect Clinton can find a way to jump-start the 14-month-old negotiations and get them moving toward a durable peace in the region.

Israel's deportation of hundreds of Palestinians cast a shadow over the talks that even a meeting with President Bush did not dispel. Although Bush urged Arabs at the White House not to let extremists on either side derail the talks, the Arabs boycotted Thursday's final sessions in protest.

U.S. officials and other informed observers said that while the Israeli crackdown was a major setback to hopes of creating a more cooperative spirit, the Arabs are unlikely to call off the talks. But, some sources also said, the uncertainties caused by Clinton's defeat of Bush and the mark-time atmosphere of the transition have set the process adrift.

That was denied by U.S. officials who insisted the talks are more or less where they expected them to be at this point.

(John Goshko, Washington Post, A41)

-more-



CB

12/17/92

Mr. President:

Tim called to say that Ariel has been taken care of. He got a billet in Pensacola running the galley.

good.

- 2) Andy Card called. Needs to give you a report on his conversation with Warren Christopher. (7:40 A. M.)

FROM THE PRESIDENT

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	Meeting with British Prime Minister John Major (3 pp.)	12/18/1992	(b)(1)	S

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, December 18, 1992 [2]

Date Closed:	9/19/2019	OA/ID Number:	90743-006
FOIA/SYS Case #:	2009-0166-S[4]	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM: Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Talking Points	Points to be made for meeting with Prime Minister Major at Camp David (9 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, December 18, 1992 [2]

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AR Case #:	MR Case #:
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FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Daily

Mr. Richard Norman Felske
Box 847
Quogue, New York 11959

Q

of family and friends
and a 1993 blessed
with peace on our earth.

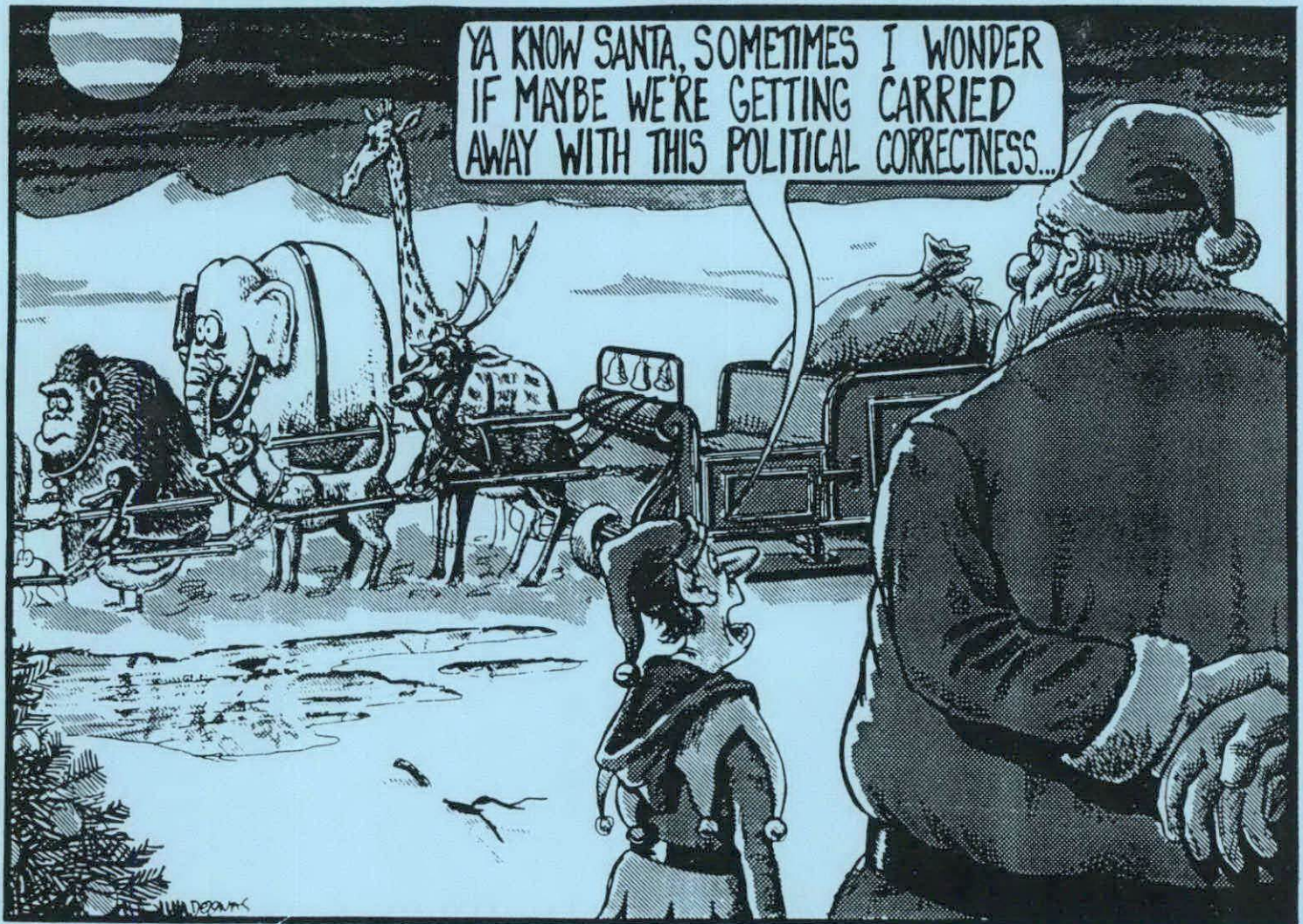
*Norm - Great seeing you!!
Thanks so much for that
base-ball memory book. May your
life ahead be full of homers Cy Burt*

12-18-92



1992
THE PRESIDENT AND MRS. BUSH

Friday
Follies



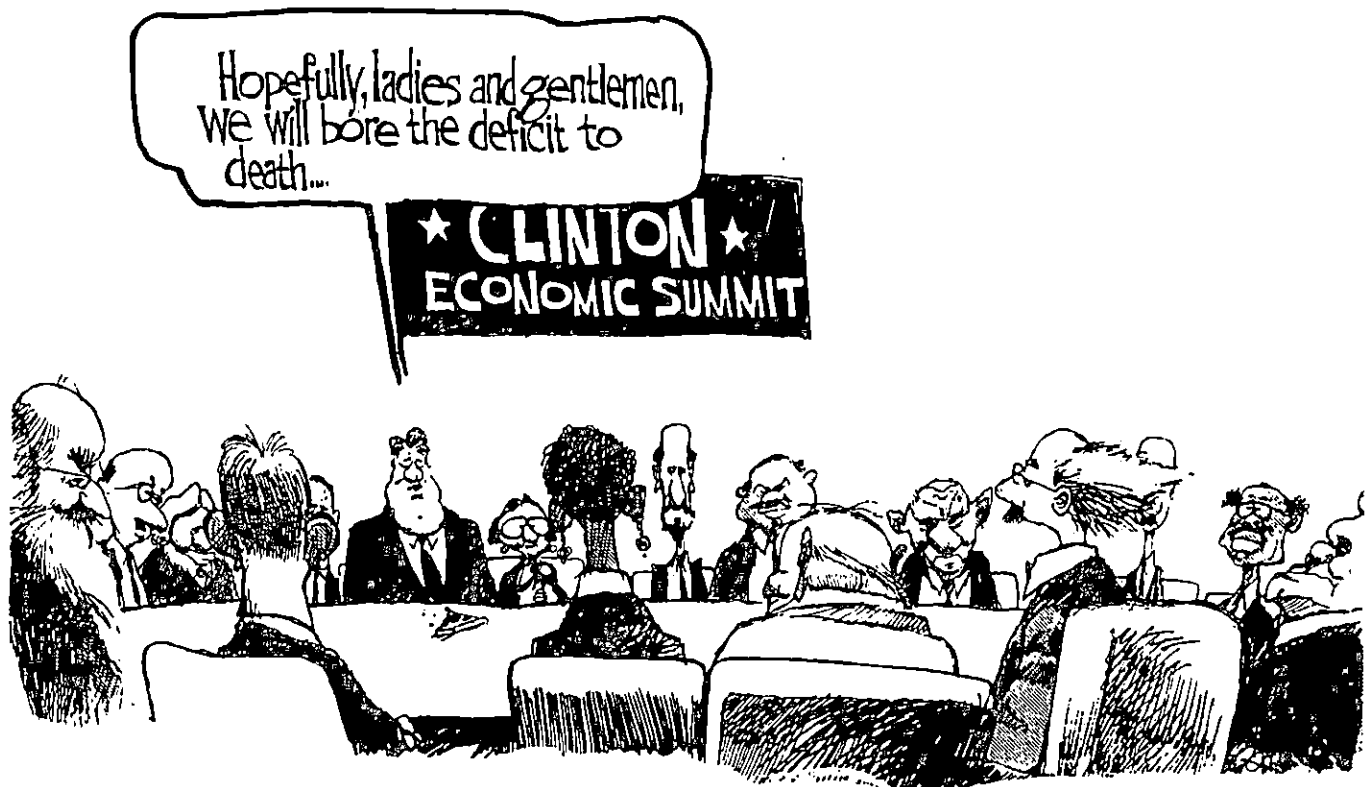
- a look at politics through the eyes of the political cartoonist -

"I don't care a straw for your newspaper articles. My constituents don't know how to read. But they can't help seeing them damned pictures."
(William Marcy "Boss" Tweed speaking of Thomas Nast, 1871)

 WHITE HOUSE NEWS SUMMARY SPECIAL EDITION
 VOLUME IV ISSUE 48 -- December 18, 1992

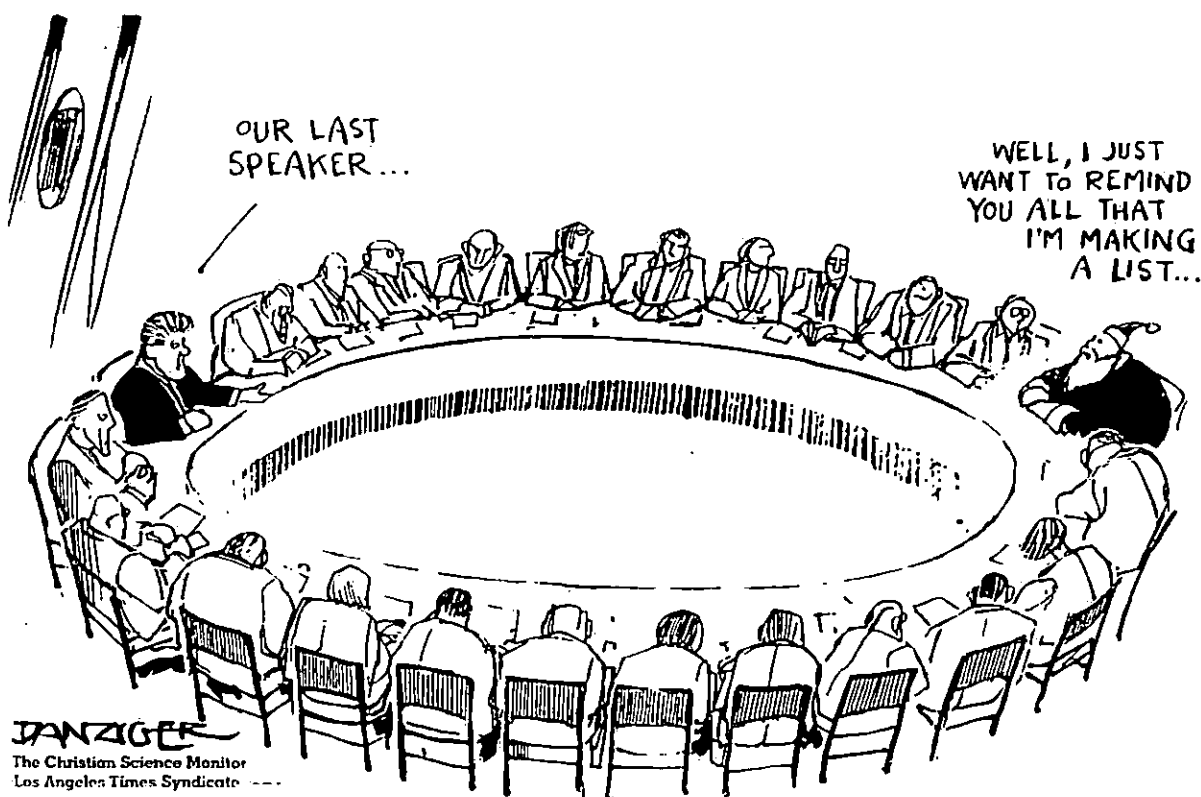


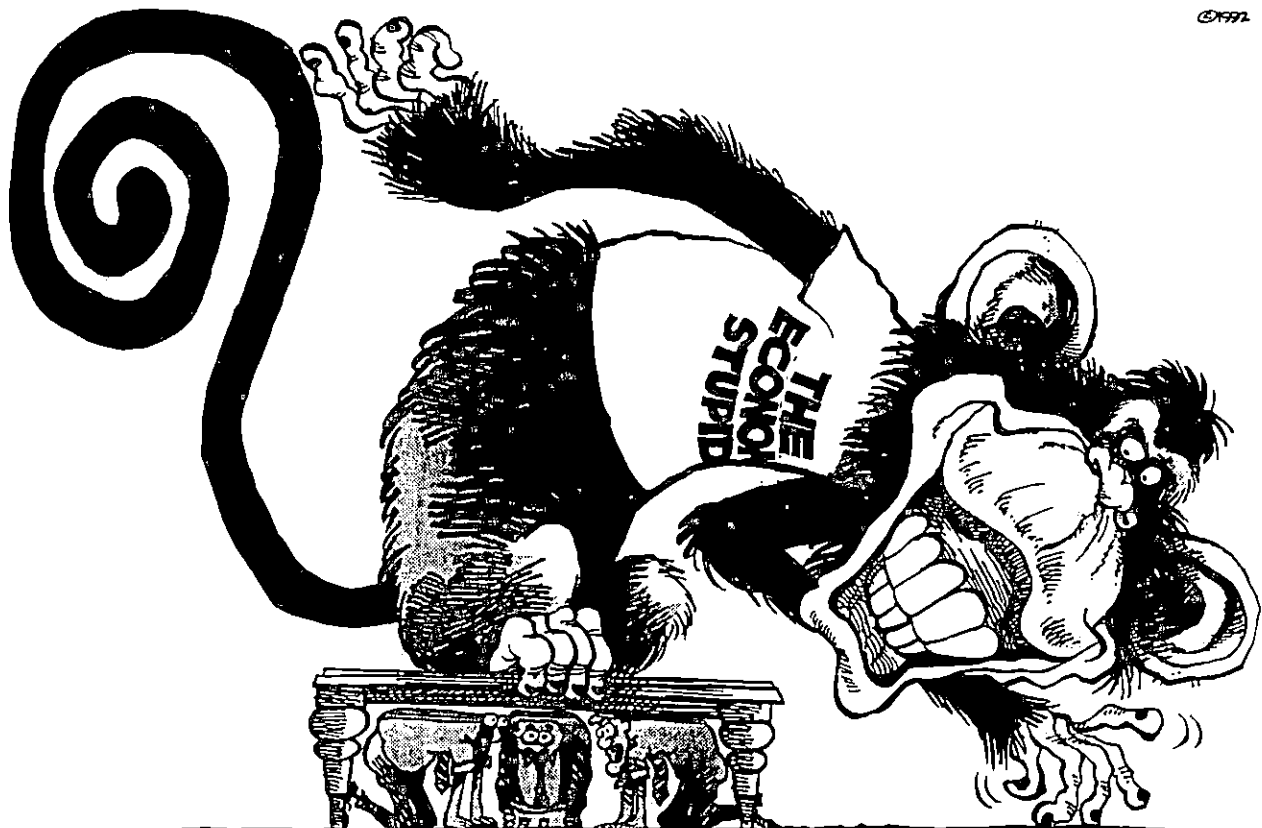
Mike Lukovich ATLANTACONSTITUTION.COM



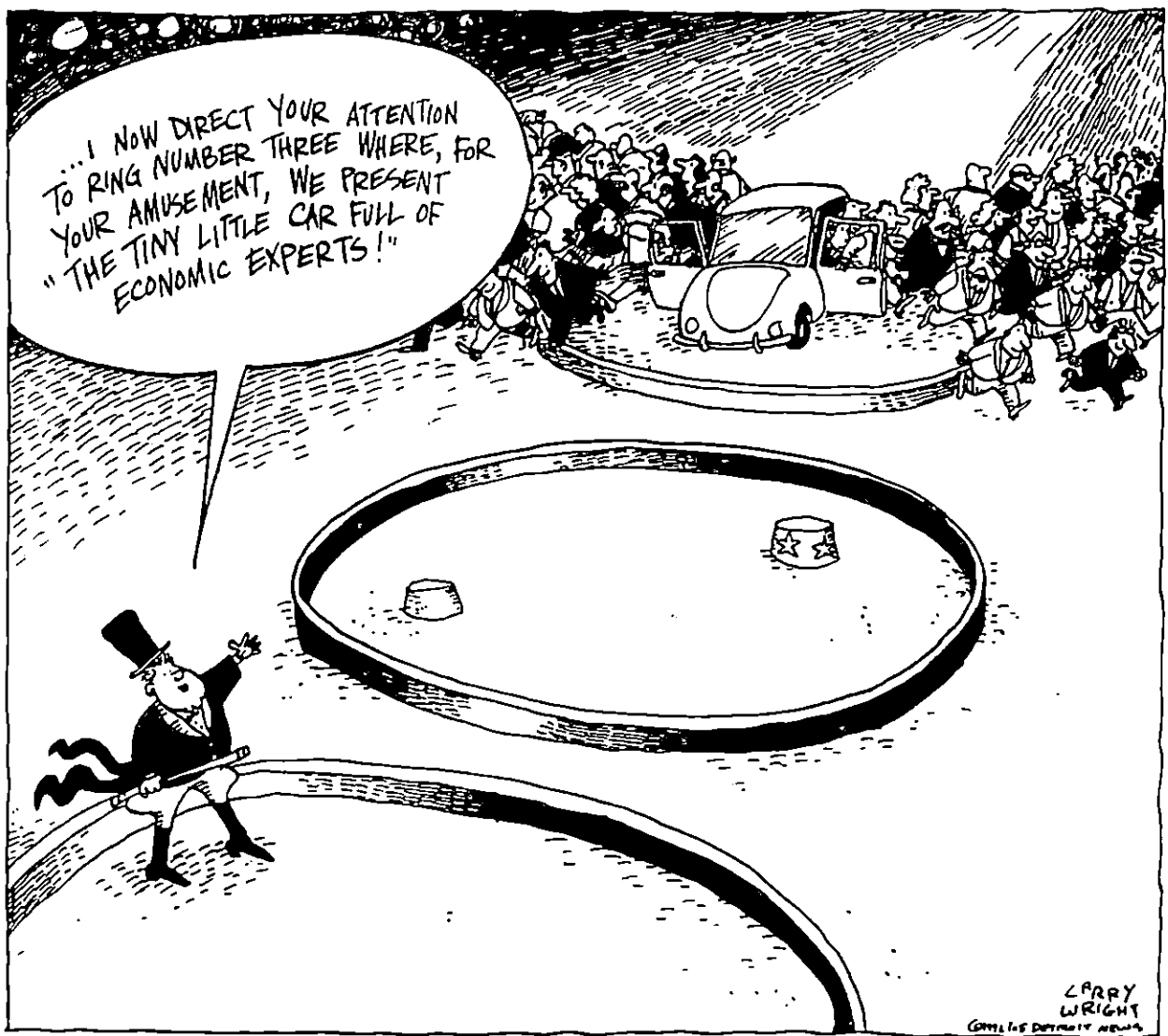


WHY THEY'RE SEATED IN A CIRCLE



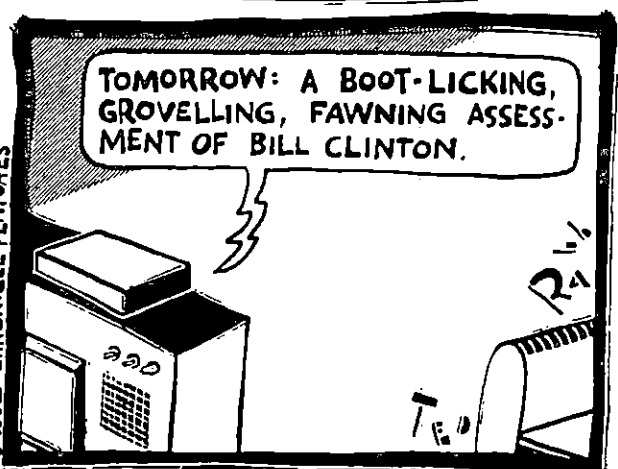
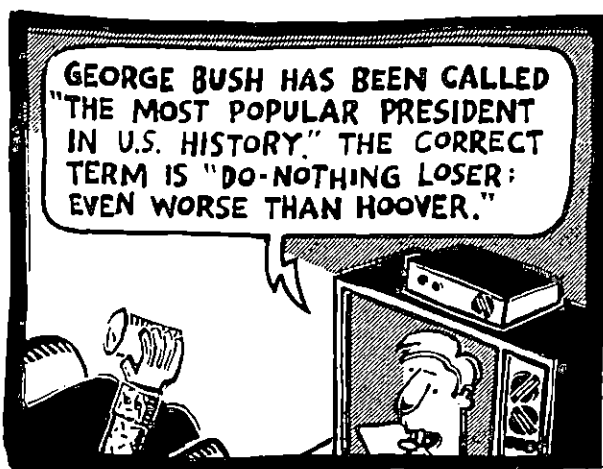


"THEN IT'S AGREED! AFTER THIS BUDGET SUMMIT, WE'LL FOCUS ON THE IMPORTANT ISSUES- GAYS IN THE MILITARY AND HAITIANS!!"

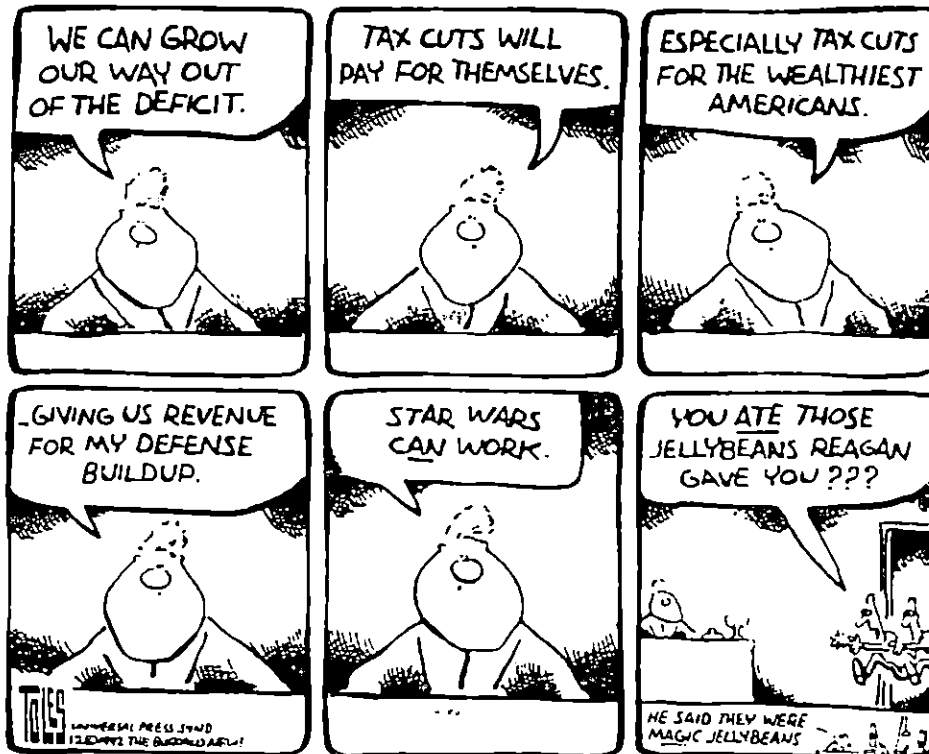




"GOOD GAVID! THINK, MAN! WE DON'T WANNA END UP LIKE THE BUSH TEAM!!!"



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SPECIAL CLINTON WHITE HOUSE STAFF ETHICS PLEDGE and Questionnaire

DO YOU PROMISE, SWEAR or AFFIRM or SORT OF AGREE THAT YOU WON'T BECOME A LOBBYIST for ANYONE YOU MIGHT BE ABLE TO REGULATE for AT LEAST 5 YEARS AFTER YOU LEAVE GOVERNMENT SERVICE? ☐ YES ☐ NO ☐ OH, WHY NOT...



DO YOU LIVE NEAR A McDONALD'S? ☐ YES ☐ NO

YOUR NAME

LAST NAME FIRST NAME NICKNAME ANY ALIASES

YOUR LAWYER'S NAME

HIS LAWYER'S NAME

ARE YOU WILLING TO WORK FOR MORE THAN \$104,000 PER YEAR ☐ YES ☐ NO
☐ HEY! IT'S FOR MY COUNTRY!

HOW DO YOU WISH TO BE PAID?

☐ DIRECT DEPOSIT
☐ CHECK IN MAIL
☐ CASH IN PARKING GARAGE

DO YOU MAKE THE ABOVE PROMISE WITHOUT ☐ YES ☐ NO
RESERVATION and of YOUR OWN FREE WILL? ☐ WILL WHO?



RIGHT
THUMB
(HEH, HEH, JUST A FORMALITY...)



LEFT
THUMB

HAVE YOU EVER BEEN INDICTED? ☐ YES ☐ NO
ANYTHING WE SHOULD KNOW ABOUT? ☐ YES ☐ NO
HAVE YOU EVER LOBBIED for a US CORPORATION?
☐ YES ☐ NO ☐ IS THIS A PROBLEM?
HAVE YOU EVER LOBBIED for a FOREIGN CORPORATION?
☐ YES ☐ JA ☐ SI ☐ OUI ☐ PA ☐ I ☐ LI ☐ L

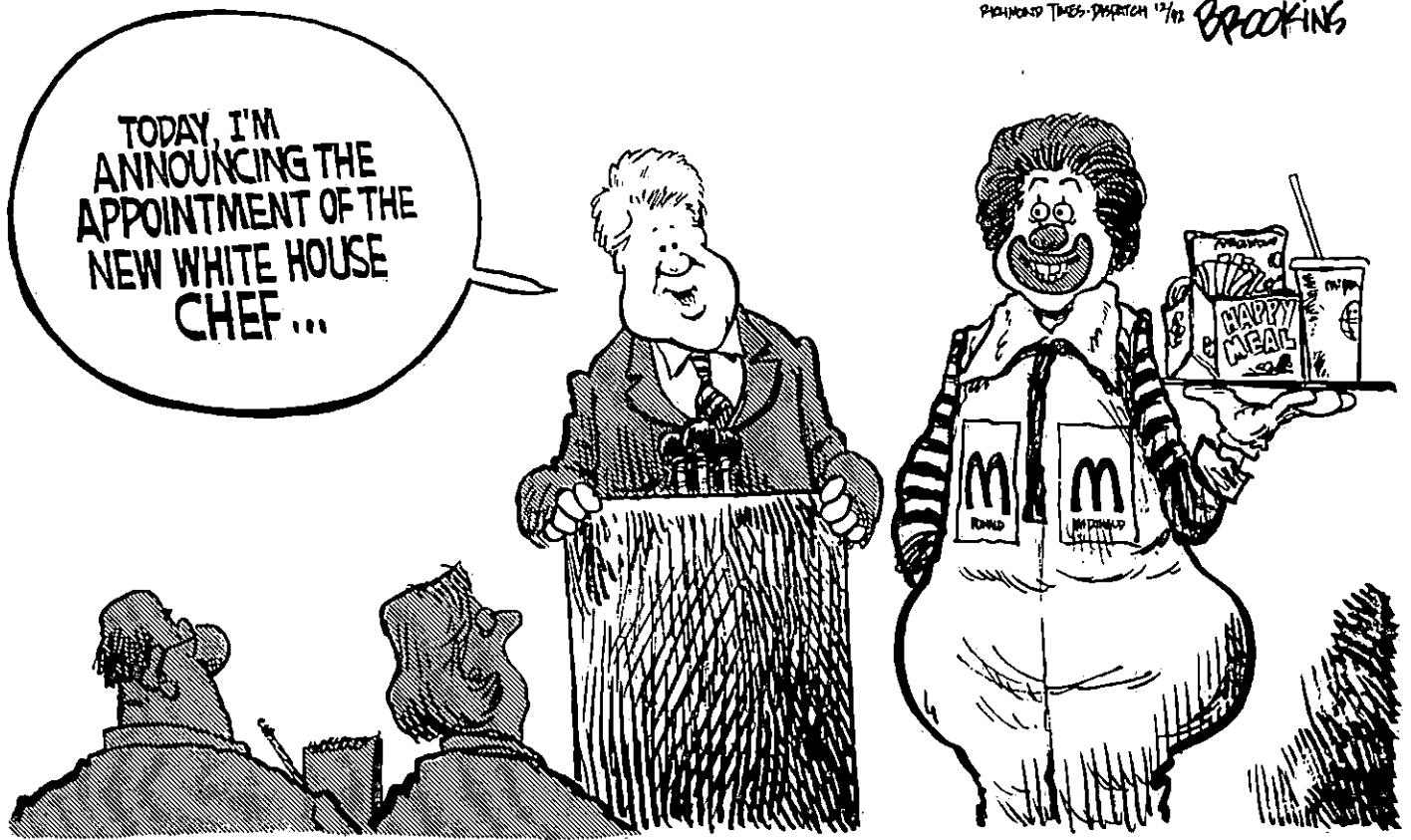
HAVE YOU EVER OWNED A CHEVY? ☐ YES ☐ NO

PLEASE PUT YOUR OWN
POLITICAL PHILOSOPHY
IN THIS
BOX.

SIGN HERE (YES, IN INK.)

DATE DATE'S SIGNATURE

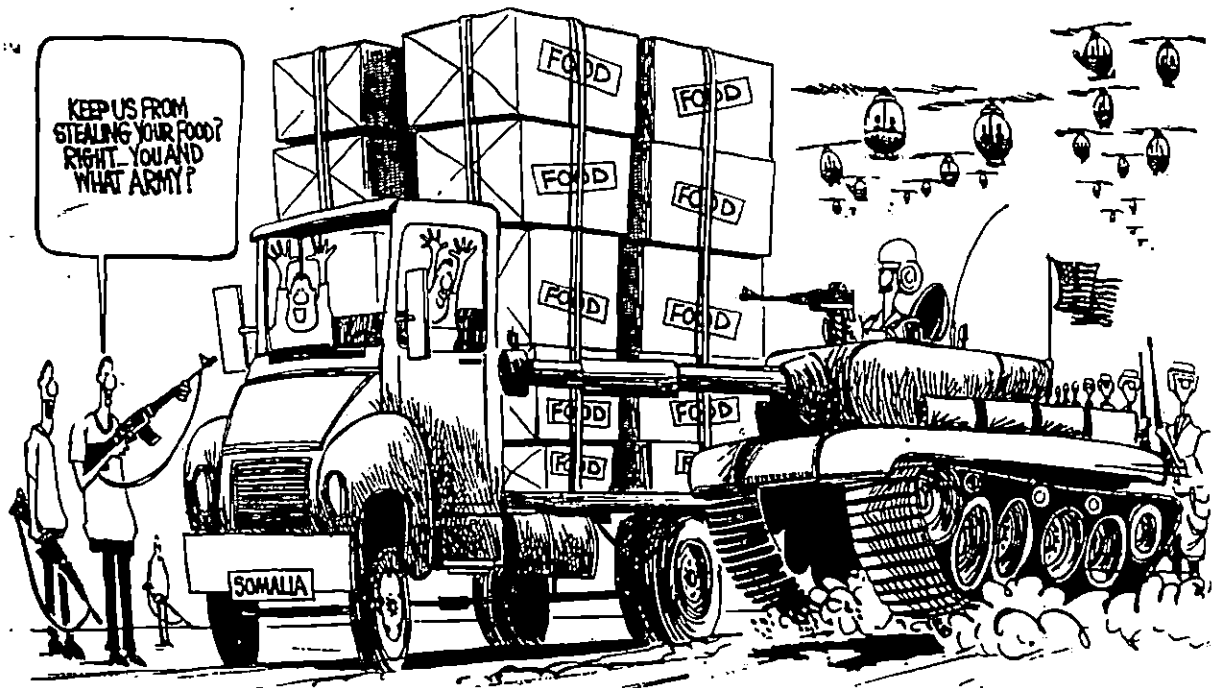
DANZIGER
The Christian Science Monitor



A THOUSAND POINTS OF WHITE



"I DIDN'T SAY HERE COMES THE 'SCUDS'... I SAID 'SPUDS'!"

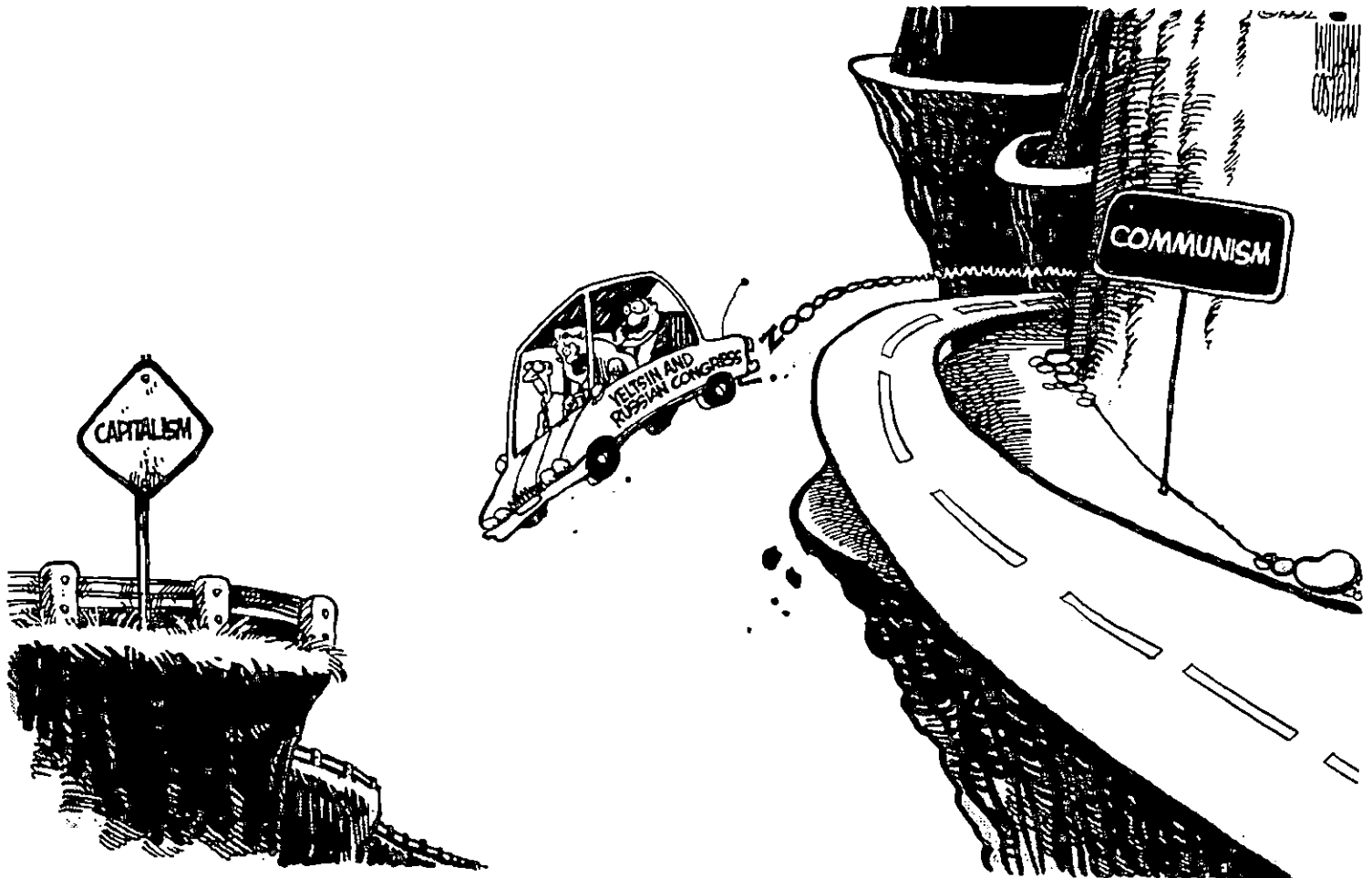
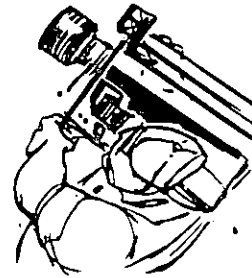




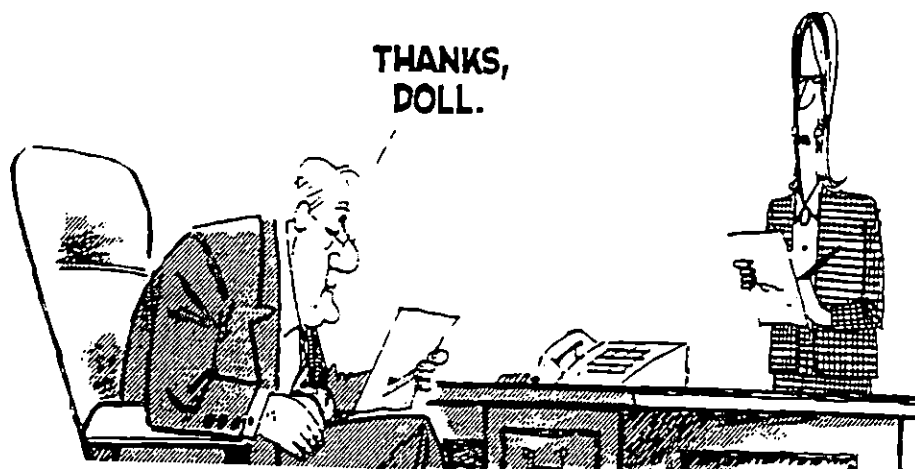
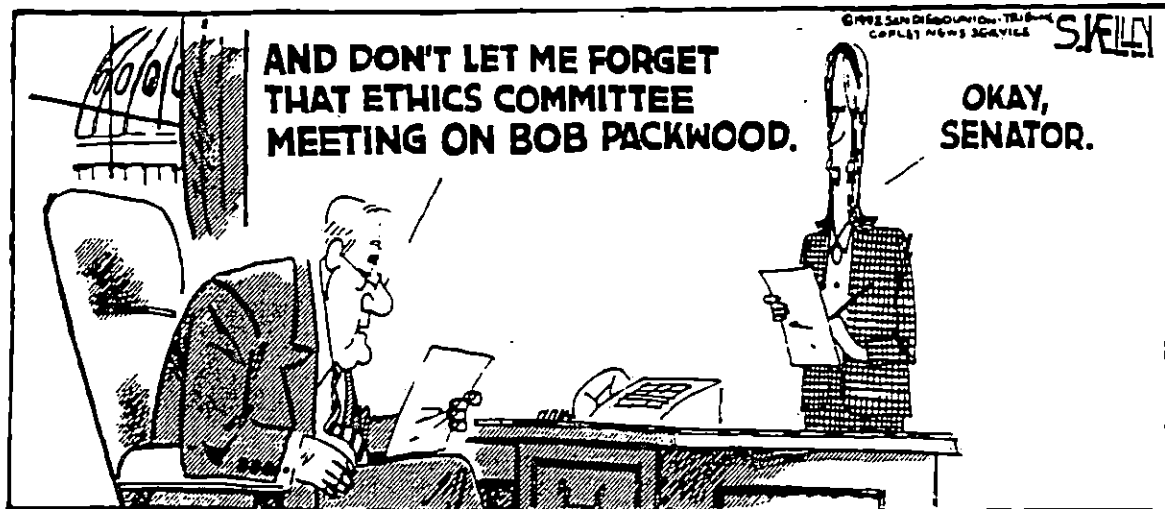
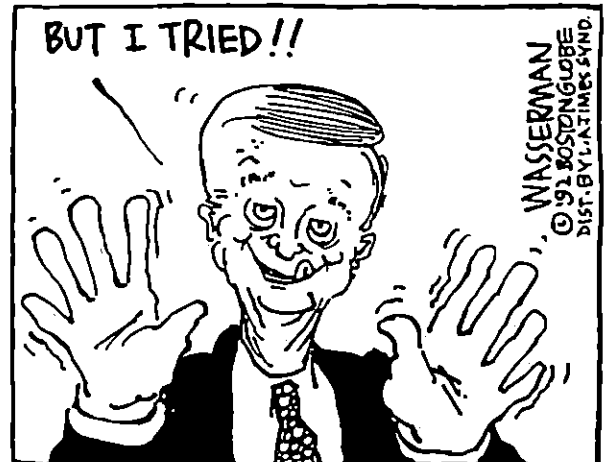
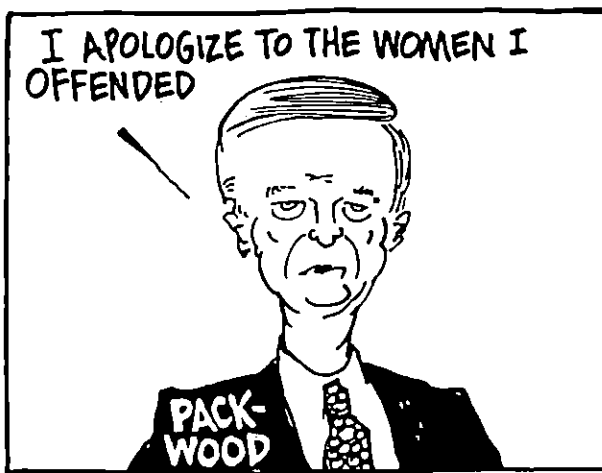
BE PATIENT, M'A'M ... WE'VE
GOT TO EXPLAIN THE DELAY
TO BERNARD SHAW...

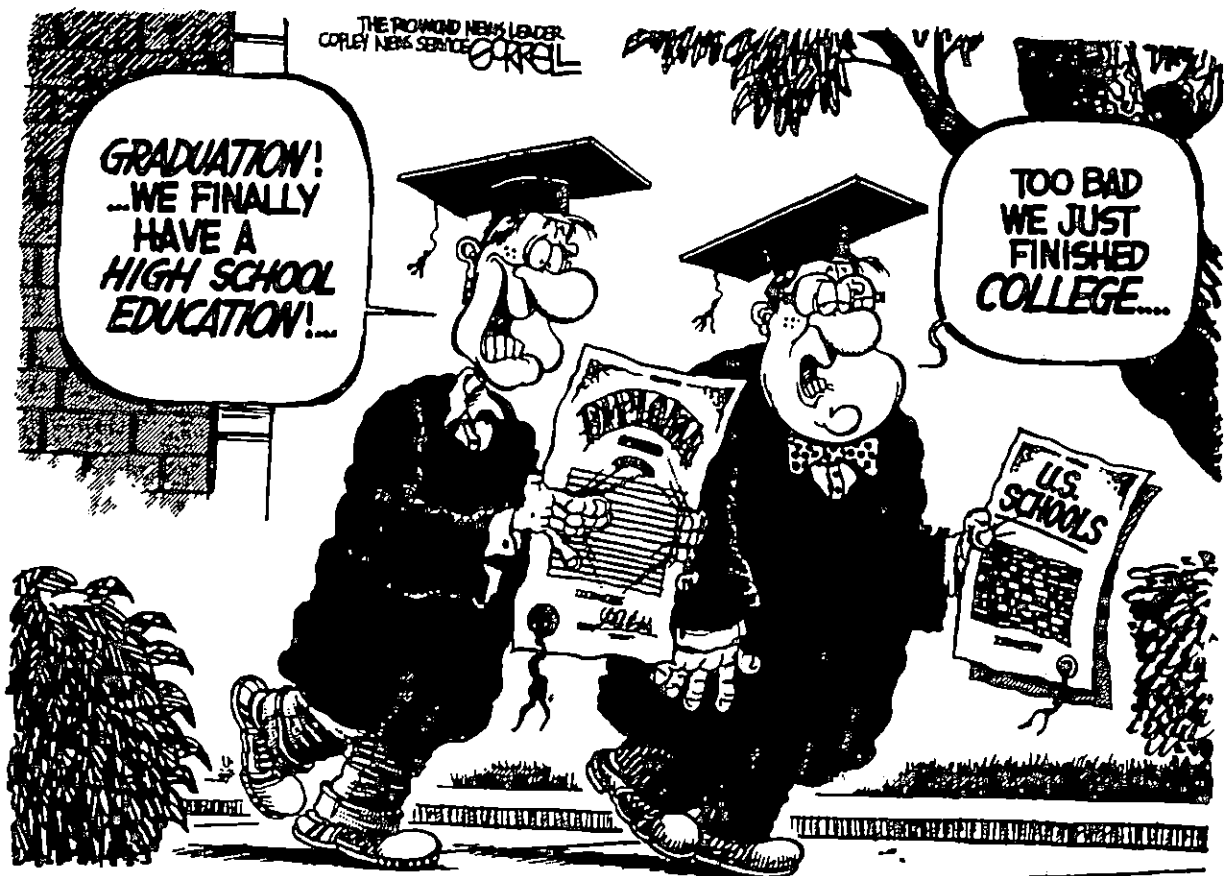
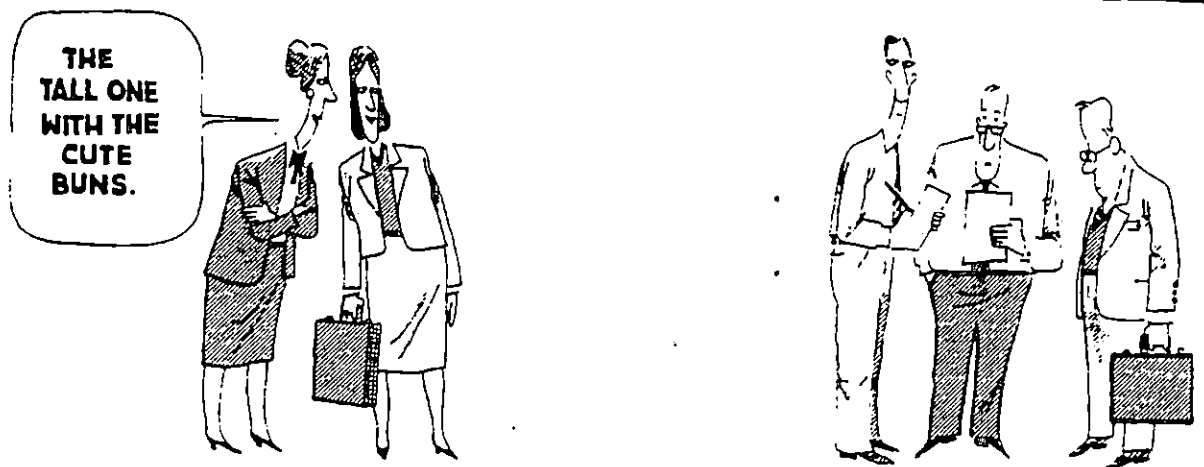
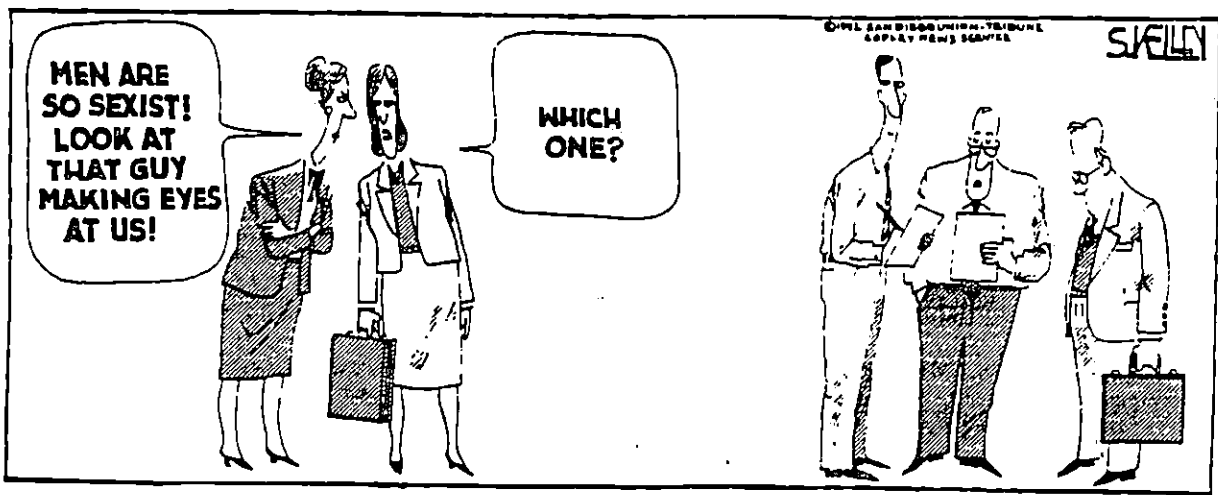


DANZIGER



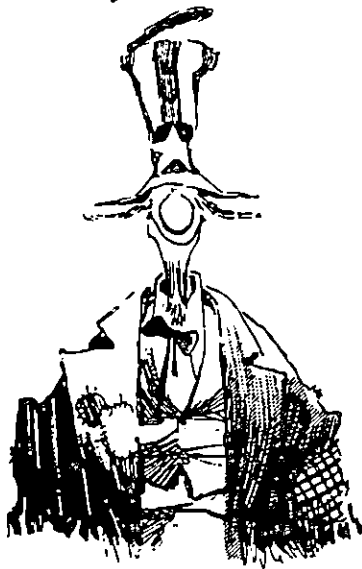
"WILL YOU GUYS GET YOUR FEET OFF THE *G*. BRAKE!!!"





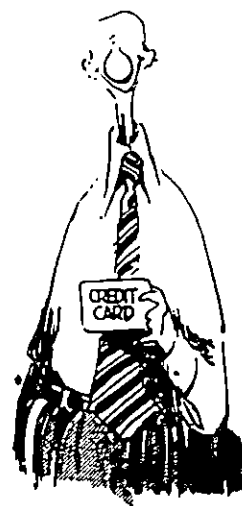


When Uncle Sam spends a lot of money and goes heavily into debt, it's called ...



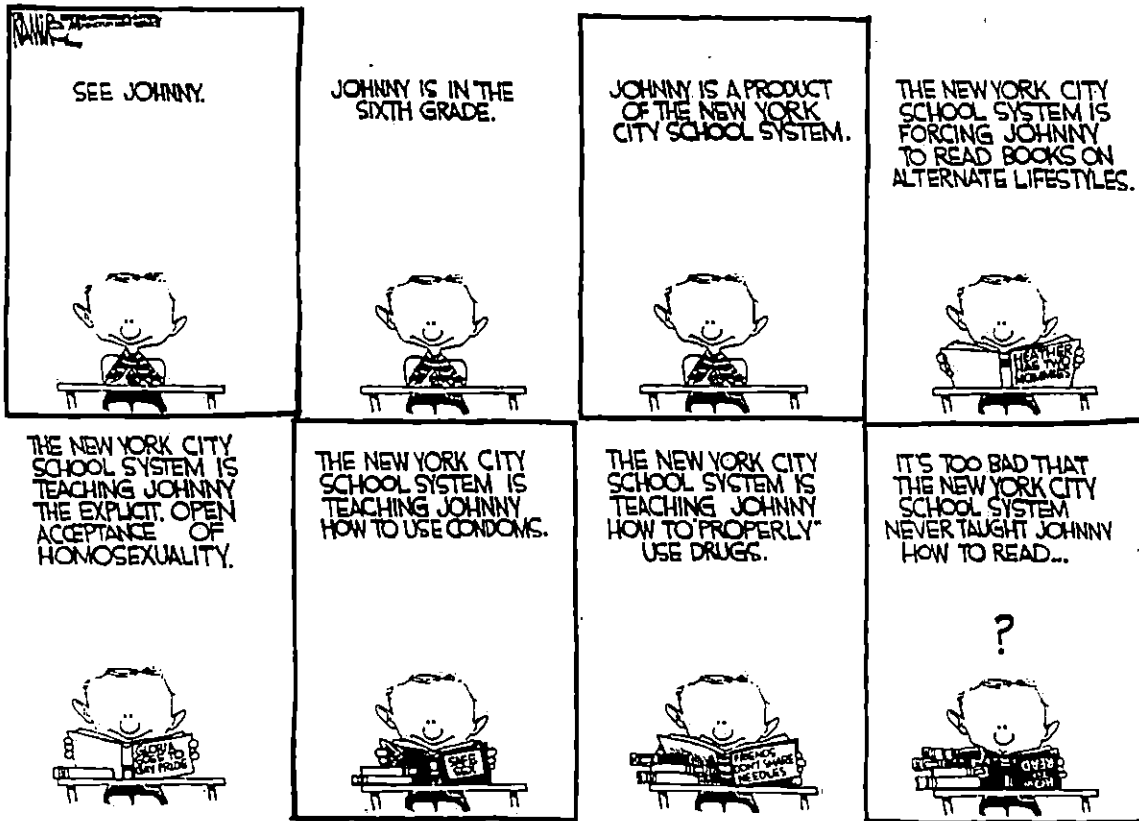
A FISCAL CATASTROPHE

When Joe Consumer buys a lot of Christmas gifts and goes heavily into debt, it's called ...



WAX
by Bob Roth
1992

AN ECONOMIC RECOVERY







News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, DECEMBER 18, 1992
6:00 A.M. EST EDITION

INTERNATIONAL NEWS

YELTSIN SAYS START II AGREEMENT REACHED WITH U.S. -- Boris Yeltsin said Friday that Russia and the U.S. have reached agreement on a second START treaty and that it is to be signed in January. (AP)

BUSH SIGNS TRADE ACCORD WITH CANADA AND MEXICO -- President Bush formally signed the controversial North American Free Trade Agreement simultaneously with leaders of Mexico and Canada and predicted the "time will come when trade is free from Alaska to Argentina." (UPI, Washington Times)

NATIONAL NEWS

WALL STREET JOURNAL/NBC NEWS POLL -- President Bush leaves with a kinder, gentler evaluation from voters. (Wall Street Journal)

ASPIN SAID TO BE CLINTON'S CHOICE FOR DEFENSE SECRETARY -- Rep. Aspin is President-elect Clinton's first choice for secretary of defense, according to transition and congressional sources. (AP)

NETWORK NEWS (Thursday evening)

BOSNIA/U.S. INTERVENTION -- The U.S. could soon find itself in the middle of the war in what used to be Yugoslavia.

SADDAM/NORTHERN BORDER -- Pentagon officials say Saddam has consolidated his forces in northern Iraq to such an extent that military analysts believe he may be preparing an attack against Kurdish areas.

TRADE DEFICIT -- A surge in exports pushed the U.S. trade deficit down 18% in October.

INTERNATIONAL NEWS...A-1

NATIONAL NEWS.....A-9

NETWORK NEWS.....B-1

INTERNATIONAL NEWS

YELTSIN SAYS START II AGREEMENT REACHED WITH U.S.

BEIJING -- Boris Yeltsin said Friday that Russia and the U.S. have reached agreement on a second START treaty and that it is to be signed in January.

Russian Foreign Ministry spokesman Sergei Yastrzhembsky told AP that Russia is proposing a summit in the U.S. at the beginning of 1993.

Yeltsin made the announcement at a meeting of Chinese intellectuals just prior to signing a series of treaties and agreements with China.

"I can tell you now that a START II agreement has been prepared for a two-thirds cut in strategic nuclear weapons," Yeltsin said. "And it can be signed at the beginning of January of next year."

Details of the treaty were not immediately available. U.S. officials could not immediately be reached for comment because of the time differences with China. (Alan Cooperman, AP)

ALLIES APPROVE OPERATION TO BACK SERB FLIGHT BAN

BRUSSELS -- With the U.S. taking the lead, the NATO alliance agreed Thursday to make its military forces available to enforce a ban on Serb military flights over Bosnia if, as expected, the move is endorsed by the U.N. Security Council.

France has opposed giving NATO new military responsibilities in Bosnia or elsewhere, but it was willing to back the flight ban with forces provided by individual NATO members under an ad hoc command arrangement.

U.S. officials said they expect the U.S. military -- which has volunteered combat planes for the operation -- will take the lead in this arrangement, but that British, French, and perhaps Italian officers will also participate.

Secretary Eagleburger said the U.S. believes that if the situation in Bosnia became perilous for U.N. troops on the ground, "enforcing the flight ban may have to take priority over delivery of humanitarian assistance." This prompted speculation that British and other U.N.-sponsored troops now helping deliver food and other humanitarian supplies may have to withdraw from Bosnia temporarily as flight ban enforcement begins, although Eagleburger did not predict this. (Don Oberdorfer, Washington Post, A39)

NATO To Support Further U.N. Measures In Yugoslavia

BRUSSELS -- NATO foreign ministers said they were ready to support further U.N. initiatives to end fighting in the former Yugoslavia, including enforcement of a "no-fly" zone over Bosnia-Herzegovina.

But NATO Secretary-General Manfred Woerner emphasized Thursday the "appropriate response has to be decided by the United Nations, which has the primary responsibility." He refused to give "a concrete description of what would be appropriate in certain situations.

Woerner said the alliance was looking at several options and has commissioned its military authorities to carry out contingency planning. But he refused to "discuss military planning in public."

Secretary Eagleburger warned that Serbian leaders will be held responsible for criminal behavior. "If U.N. personnel is threatened or harmed, we will have to respond," he said.

He referred to a threatening letter, addressed by Serb Bosnian leader Radovan Karadzic to Prime Minister Major and U.N. Secretary-General Boutros-Ghali, that U.N. troops now in the former Yugoslavia would be considered "hostile" in the case of a military intervention. (UPI)

MAJOR VISIT

Prime Minister Major and European Commission President Jacques Delors visit President Bush Friday. Key topic for the White House meeting: the crisis in Bosnia-Herzegovina. Also expected: a late appeal by Major for U.S. approval of a British Airways deal to take a 44% stake in troubled USAir. (USA Today, 4A)

**LEVERAGING AN
AIRLINE LINKUP**

The U.S. is prepared to block a \$750 million investment by British Airways PLC in Arlington-based USAir Group Inc. unless Britain agrees to give U.S. airlines wider access to its airspace, according to U.S. government officials.

The unusually heated airlines issue is likely to be on the agenda when President Bush meets with Prime Minister Major for a farewell summit at Camp David this weekend, sources close to the issue said.

"We have a unified position from the President through Brent Scowcroft... on down that we need an agreement" to give U.S. airlines more flights in and out of Britain, a U.S. official said. The USAir-British Air deal "isn't going to happen in the absence of a forthcoming British position."

Thursday, President-elect Clinton said he took a similar view, telling a Little Rock press conference that he "would support USAir... having access to increased capital so it can compete with other airlines in this country." But if that meant increased access to the huge U.S. airline market for British Air, "there would have to be some corresponding access to British markets by Great Britain." (Richard Weintraub, Washington Post, B9)

**MITTERRAND'S CANCER
NOT RESPONDING**

PARIS -- President Mitterrand's prostate cancer has not spread, but it also is not responding fully to treatment, according to a health bulletin issued Thursday.

Thursday's bulletin said Mitterrand's health, other than his prostate cancer, was good, but the level of prostate-specific antigen in Mitterrand's blood, which is used to measure responsiveness to treatment, was "still higher than normal."

(World, Washington Times, A2)

**BUSH SIGNS TRADE ACCORD SIMULTANEOUSLY
WITH CANADA AND MEXICO**

President Bush formally signed the controversial North American Free Trade Agreement simultaneously with leaders of Mexico and Canada and predicted the "time will come when trade is free from Alaska to Argentina."

Promptly after the ceremony, Clinton issued a statement in Little Rock in which he lauded the trade pact but said he would seek stronger environmental and workforce protections.

"I want to reaffirm my support for this agreement," Clinton said, but he called NAFTA "only one piece of the strategy necessary to ensure that we move wisely toward an integrated region," a reference to his support for broader regional agreements.

Rep. Gephardt said the agreement signed by Bush "is incomplete and defective, and there will be opportunities to refine and improve it in the months ahead."

(Helen Thomas, UPI)

Bush Signs Free-Trade Pact With Promises Of Progress

President Bush and leaders in Mexico and Canada Thursday signed a free-trade accord that backers say will spur growth but foes say will cost hundreds of thousands of American jobs.

President-elect Clinton said he looks forward to early meetings, possibly before he takes office, with Mexican President Carlos Salinas de Gortari and Canadian Prime Minister Brian Mulroney to discuss the accord.

A coalition of labor, environmental, farm and health groups, including Jesse Jackson, said Wednesday it will step up opposition to the agreement. The group plans a series of television and newspaper ads to sway lawmakers. Jackson said he will lead demonstrations at abandoned U.S. factories and along the Rio Grande, which has been polluted by industry.

Sen. Baucus said in a statement that he backs NAFTA's commercial provisions, but, like Clinton, he said concerns about workers and the environment must be addressed. He said he advised Clinton not to send the agreement to Congress until those concerns are resolved.

(Combined Dispatches, Washington Times, C1)

**U.S. TRADE DEFICIT SHRANK
AS EXPORTS SURGED IN OCT.**

The U.S. trade deficit narrowed by a surprising 18%, to \$7.03 billion, in October as American exports flowed abroad at a record pace and gave new buoyancy to an improving economy, the Commerce Department said Thursday.

Exports rose to \$39.19 billion from \$37.88 billion, while the nation's import bill declined to \$46.22 billion from the prior month's \$46.46 billion. The September deficit stood at \$8.58 billion.

(News Services, Washington Post, B11)

**HOPES FADE FOR
TRADE AGREEMENT**

It would take a "miracle" to conclude the current round of global trade talks before President Bush leaves office Jan. 20 and it is unclear whether the negotiations can be resumed even then, a senior Bush Administration trade official said Thursday.

The official singled out France, its European allies and Japan for stalling six years of talks to revitalize world trade rules, known as GATT. As a result of the stalemate, the Administration is weighing bringing home its top negotiators from the talks in Geneva.

(Stuart Auerbach, Washington Post, B9)

**BUSH EYES SOMALIA VISIT,
BUT SECURITY AN OBSTACLE**

President Bush, whose globe-trotting was cut short by his re-election defeat, wants to travel to Somalia to visit U.S. troops aiding in the humanitarian effort, according to Administration officials.

Bush could travel over the Christmas holidays or after, the officials said.

The trip, considered dangerous by the Secret Service, must first clear several security hurdles before the agency approves it. A senior Administration official told wire service reporters: "There are a lot of obstacles to going... security and other matters."

In addition to security problems, getting to Somalia could be difficult for the President because there are few areas he could land in an aircraft. The Somali airfields can't handle Air Force One. Instead, Bush would probably fly by helicopter from a Navy ship or neighboring country, such as Kenya, officials suggested.

(Paul Bedard, Washington Times, A4)

**OFFICIALS AT HILL HEARING FACE
TOUGH QUESTIONING ON AMERICAN OBJECTIVES**

U.S. officials expressed general agreement Thursday with U.N. Secretary General Boutros-Ghali about the need to disarm Somalis, but said the disarming should be done by Somalis negotiating among themselves and not forcibly by U.S. troops as Boutros-Ghali has urged.

"Everyone agrees that you can't restore Somali civil society while there (are) lots of arms out there," Herman Cohen, assistant secretary of state for African affairs, told the House Foreign Affairs Committee Thursday in an unusual out-of-session hearing. "But the question is, how is it done? We favor getting the Somalis to work it out with a U.N. protective backdrop. The secretary-general... (says) that maybe the coalition forces should go in and confiscate" the arms.

Cohen offered the following criteria for determining when U.S. forces will withdraw: "if the areas concerned in the southern part of Somalia have been pacified; if there is no major threat from armed groups in the area; if the movement of humanitarian aide has become routine.. and starvation has begun to decline."

Rep. Hamilton asked Cohen if President Bush will seek a congressional resolution to authorize continuation of the intervention in Somalia when Congress reconvenes in January. "I do not believe so," Cohen replied.

(Walter Pincus, Washington Post, A44)

THREAT TO TROOPS HEIGHTENS

MOGADISHU -- The threat of violence here is growing daily as multinational forces target outlying villages where clan gunmen are reported to have taken refuge.

Powerful warlord Ali Mahdi Mohamed, who has taken part in U.S.-brokered talks to end clan feuding, predicted troops would die while conducting the humanitarian mission.

"I'd have to agree," Marine Col. Fred Peck said Thursday. "We're far from out of the woods."

"We've been shot at every day we've been here, they just haven't hit us yet," he said. "Sooner or later we're going to suffer casualties."

(Laurence Jolidon, USA Today, 1A)

**U.S., FRENCH FORCES TO
ADVANCE IN SOMALIA FAMINE RELIEF**

The American and French forces in famine-stricken Somalia who escorted their first food relief convoys into rural villages around Baidoa will soon push north in the second phase of their relief mission.

"Phase one of Operation Restore Hope has been completed as the marines and the French forces have entered Baidoa, secured that area and have begun the escort of relief convoys to outlying areas," Marine Lt. Gen. Martin Brandtner, operations director for the Joint Chiefs of Staff, told reporters at the Pentagon.

"Phase two expansion will be conducted... as an expansion in the northern direction," he said, extending protection and relief supplies to the starving inland settlements of Belet Wen, Oddur and Gailalassi.

(Charles Doe, UPI)

**RELIEF GROUPS PRESS FOR TROOPS
TO TAKE OVER WAR-TORN PORT**

MOGADISHU -- With the U.S. marines barely settled into Somalia's famine belt around Baidoa, international relief agencies have begun pressing to have groups sent next to the turbulent port city of Kismaayo to counter the effects of banditry and hunger in that region.

Ian MacLeod, spokesman for several U.N. relief agencies here, said relief agency officials had received assurances from a marine liaison officer, Col. Kevin Kennedy, that the task force's commanders are "aware of the situation in Kismaayo and are anxious to get there as soon as possible."

However, Marine Col. Fred Peck, spokesman for the task force, said the U.S.-led forces would not be pressed into going anywhere before they were fully prepared with lines of communication and logistical support.

Relief officials said that they had been informed by the task force command that U.S. special envoy Robert Oakley will visit Kismaayo within the next day or two to speak with political leaders there in an attempt to prepare the way for a peaceful entry into the city by U.S.-led forces.

(William Claiborne, Washington Post, A43)

**SOMALI LOOTERS SIDESTEP
U.S. TROOPS**

BAIDOA -- Somalia's gunmen defied U.S. military might by plundering relief supplies minutes after troops delivered food to the country's starving interior.

Heavily-armed U.S. and French troops in armored vehicles, backed by a Cobra attack helicopter, accompanied the first convoy of 10 food trucks to leave the inland town of Baidoa since the forces arrived there Wednesday.

But with the convoy barely out of sight, Reuter journalists say gun-toting gangs moved in to seize the bags of grain it had left at hamlet food stores.

U.S. special forces flew to Kismaayo in three C-130 transport planes Thursday to scout out the terrain in a clear sign of an imminent deployment. They took charge of the airport control tower and posted men around the perimeter. (Aidan Hartley, Reuter)

**AMERICANS BACK THE USE OF
TROOPS IN SOMALIA, POLL SHOWS**

Seventy-four percent of those surveyed in a Wall Street Journal/NBC News poll support the use of troops in Somalia, with 53% expecting them to remain for six months or less.

Nearly eight in 10 believe that the U.S. will achieve its objectives, but they are evenly split over whether it will take military conflict to do so.

Two-thirds are comfortable with President-elect Clinton's ability to handle the Somali issue once he becomes president.

(Washington Wire, Wall Street Journal, A1)

**ISRAEL EXILES 383
ARABS TO LEBANON**

JERUSALEM -- Israel Thursday forcibly exiled to Lebanon 383 suspected activists in the Muslim fundamentalist movements Hamas and Islamic Jihad after the High Court of Justice permitted the unprecedented mass deportations in retaliation for the killing of four Israeli soldiers and a policeman in recent days.

Israel drew criticism abroad for the largest mass deportation of Palestinians it has ever attempted, including protests from the U.S. and Britain and from Arab capitals and their delegations at the Washington peace talks. Lebanon put its army on alert and threatened to turn back the deportees.

(David Hoffman, Washington Post, A39)

**U.S. TRYING TO GET
ISRAEL TO REVERSE DEPORTATIONS**

The U.S. is looking for ways to make Israel rescind its deportation of about 400 Palestinians so the Arab-Israeli peace talks can get back on track.

The U.S. could back a U.N. Security Council resolution ordering Israel to reverse the expulsions, according to an Administration official. Western diplomats said the council Friday would overwhelmingly adopt the resolution, which carries no punitive action.

"We believe every government throughout the world has an obligation to the fundamental principles of human rights, the rule of law and democratic principles," said State Department spokeswoman Nancy Beck. "We therefore strongly condemn the action of deportation," she said.

James Baker planned to discuss the deportations Friday with Faisal Husseini, a political adviser to Yasser Arafat, and with Palestinian spokeswoman Hanan Ashrawi. President Bush was likely to drop in, an aide said.

(Ruth Sinai, AP)

**MIDDLE EAST PEACE TALKS
RECESS AMID RANCOR**

The eighth round of Middle East peace talks ended Thursday amid angry recriminations that left Arabs and Israelis waiting to see whether President-elect Clinton can find a way to jump-start the 14-month-old negotiations and get them moving toward a durable peace in the region.

Israel's deportation of hundreds of Palestinians cast a shadow over the talks that even a meeting with President Bush did not dispel. Although Bush urged Arabs at the White House not to let extremists on either side derail the talks, the Arabs boycotted Thursday's final sessions in protest.

U.S. officials and other informed observers said that while the Israeli crackdown was a major setback to hopes of creating a more cooperative spirit, the Arabs are unlikely to call off the talks. But, some sources also said, the uncertainties caused by Clinton's defeat of Bush and the mark-time atmosphere of the transition have set the process adrift.

That was denied by U.S. officials who insisted the talks are more or less where they expected them to be at this point.

(John Goshko, Washington Post, A41)

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**ABC: IRAQ MASSES
FORCES AGAINST KURDS**

Saddam Hussein has massed enough forces in northern Iraq to attack and swiftly sweep through Kurdish areas that have been under U.S. military protection since the Persian Gulf War, ABC reported Thursday night.

Quoting unidentified senior Pentagon officials, the network said it is unclear whether Saddam intends to launch an attack or is simply preparing for large-scale exercises in Iraq's northern mountains.

The Pentagon had no comment on the report.

(Nation, Washington Times, A2)

**U.S. PRESSES MEXICO
IN DRUG GANG DEATHS**

MEXICO CITY -- The U.S. Drug Enforcement Administration has obtained information on the location of a Mexican grave containing the bodies of at least four American citizens killed in 1984 by the same Mexican drug lords who ordered the February 1985 torture-killing of DEA agent Enrique Camarena, according to U.S. sources.

The Mexican government, however, has failed to investigate the DEA's findings and has not permitted DEA access to the site, the sources said. The Mexican government, meanwhile, is insisting that the U.S. extradite the Mexican informants believed to have furnished the information to the DEA. Mexico contends that the informants participated in the Americans' killings.

The grave, which is believed to hold the remains of four American Jehovah's Witnesses and an undetermined number of Mexicans, is said to be in Jalisco state near Guadalajara, where Camarena was tortured and killed by members of a powerful drug cartel.

(Tod Robberson, Washington Post, A39)

**KERRY SAYS VIETNAMESE MORE FORTHCOMING
ON ISSUES OF MISSING U.S.**

Sen. Kerry said Thursday that Vietnamese officials have responded to recent American goodwill gestures by becoming more forthcoming on missing U.S. servicemen in Southeast Asia.

In a telephone interview from Hanoi, where he and Sen. Smith are meeting with Vietnamese officials on the POW issue, Kerry said U.S. officials should soon gain access to military records they have long sought, including the first Vietnamese accounts of U.S. pilots shot down over the Ho Chi Minh trail in Cambodia and Laos.

Other records were given to the senators Thursday, Kerry said. Some are quite specific -- including details of where U.S. planes were shot down, how pilots died and where their remains were buried.

President Bush announced Monday that the U.S. was easing its trade embargo with Vietnam, allowing American companies to sign contracts to do business there.

Bush's action has left the Vietnamese "very pleased," Kerry said. "It has given them confidence that this is a road worth going down."

(John Farrell, Boston Globe)

NATIONAL NEWS

WALL STREET JOURNAL/ NBC NEWS POLL

President Bush leaves with a kinder, gentler evaluation from voters. For the first time since last January, more voters approve of his job performance -- 49% -- than disapprove -- 43% -- and more view him positively than negatively.

But two-thirds of voters still disapprove of his handling of the economy. (Washington Wire, Wall Street Journal, A1)

SPECIAL COUNSEL PROBES CLINTON PASSPORT CASE

Joseph diGenova, former attorney for the District of Columbia, was secretly appointed Monday as an independent counsel to investigate whether White House officials violated the law and covered up their knowledge of the pre-election search of President-elect Clinton's passport files, according to sources familiar with the investigation.

A special three-judge panel, acting at the request of Attorney General Barr, named diGenova one day before the law that authorizes independent prosecutors expired on Dec. 15. The investigation will focus in part on allegations that one or more senior White House staffers lied to State Department investigators and that Bush Administration officials illegally disseminated information from Clinton's files, the sources said.

White House officials Thursday night declined to comment on the new investigation.

(Sharon LaFraniere & Michael Isikoff, Washington Post, A1)

VENDETTA CHARGED IN REMOVAL OF CITRUS SUPPORTS

LITTLE ROCK -- President Bush's promise to avoid policy changes that tie President-elect Clinton's hands was betrayed this week by a juicy brawl over the price of oranges, according to growers who got help from federal court Thursday.

"(It) flies in the face of President Bush's pledge to avoid 11th hour decisions that compromise the freedom of the incoming administration," Sunkist Growers Inc. said of Secretary Madigan's order removing navel oranges and lemons grown in California and Arizona from a price-stabilization program.

The massive growers' cooperative won the first round against Monday's decision in a temporary restraining order against the government issued by U.S. District Judge Gerhard Gesell in Washington Thursday pending a hearing Dec. 29.

A Bush Administration source said ending the policy was a good idea, but the timing was awkward just a month before the Administration leaves office. Another White House official said Madigan had a grudge against Sunkist President Russell Hamlin and ordered an end to market limits to spite him, supposedly unaware that hundreds of other citrus cooperatives in California and Arizona would rebel.

(Frank Murray, Washington Times, A8)

**REPUBLICANS WARNED TO
STAY 'WITHIN BOUNDS'
Clinton Defends Nominees For HUD, VA Posts**

LITTLE ROCK -- President-elect Clinton warned Thursday that he expects Senate Republicans considering Cabinet nominees to stay "within bounds" and defended his choice of special-interest advocates to the public jobs.

"As long as the hearings are thorough and rigorous and within bounds, the American people will appreciate that. If they go beyond the pale, then the American people will have a judgment about that," he said at a news conference to nominate Henry Cisneros to head HUD and Jesse Brown for Veterans Affairs.

Clinton also said he was watching closely talks scheduled to be finished by Christmas Eve on whether British Airways will be able to take a stake in USAir. The Bush Administration promised to consult him but that has not happened yet, Clinton said, adding that reciprocal U.S. airline access to Britain must be part of the plan.

Clinton forecast public backlash if Republicans' scrutiny of character planned by Sen. Dole goes too far.

(Frank Murray, Washington Times, A3)

**ASPIN SAID TO BE CLINTON'S
CHOICE FOR DEFENSE SECRETARY**

LITTLE ROCK -- Rep. Aspin is President-elect Clinton's first choice for secretary of defense, according to transition and congressional sources.

Clinton also was prepared to make Rep. McCurdy head of the CIA, the sources said. An announcement could come as early as Saturday, the sources said.

(Tom Raum, AP)

**MEANWHILE, ON THE
WHITE HOUSE LINE**

More on the getting to know you front. Incoming White House chief of staff Thomas "Mack" McLarty was on the telephone Wednesday touching base with James Baker.

(Transition, The Washington Post, A29)

JOBLESS CLAIMS RISE

Initial filings for unemployment benefits jumped 22,000 to 347,000 the week ended Dec. 5, but the Labor Department says the increase is an aberration because the prior week was shortened by the Thanksgiving holiday.

Economists agree, and note that claims have remained under 400,000 the past 11 weeks and are at their second-lowest level since the recession began in July 1990. (Moneyline, USA Today, 1B)

EDITOR'S NOTE: The New York Times and Los Angeles Times did not arrive in time to be included in this news summary.

NETWORK NEWS

(Thursday evening)

BOSNIA/U.S. INTERVENTION

CBS's Dan Rather: The U.S. could soon find itself in the middle of the war in what used to be Yugoslavia. The NATO allies finally said today they are ready to enforce the U.N. no-fly zone over Bosnia. And President Bush is now offering U.S. warplanes to do the job.

CBS's David Martin reports today the West inched closer to some kind of action when Secretary Eagleburger told NATO foreign ministers the U.S. is willing to use its warplanes to shoot down any aircraft which violate a flight ban over Bosnia. At the same time, however, the leader of the Serbs in Bosnia [Karadzic] sent a letter to the U.N. Secretary-General warning that if Serbian aircraft were shot down, U.N. peacekeeping forces on the ground would be declared hostile. Using American aircraft to enforce the ban risks more than just the physical safety of U.N. troops. When they do become targets it will be harder to deliver the relief supplies which are staving off mass starvation. All that to enforce a ban which is being violated by Serbian helicopter flights but which nevertheless has succeeded in stopping most of the killing from the air. If U.N. peacekeepers were attacked, I think you would see the U.S. and its allies go from simple enforcement of the no-fly ban to actually flying close-air support for relief convoys. And that, of course, would be one step deeper into Bosnia.

(CBS-Lead)

NBC's Tom Brokaw reports President Bush was shot down by his NATO allies today on his offer to use American warplanes to enforce the ban on Serbian flights over Bosnia. NATO said no to the President's plan but said it would back the U.N. Security Council if it decides to use military action to police those Bosnian skies.

(ABC-3, NBC-7)

SADDAM/TROOPS ON NORTHERN BORDER

ABC's Peter Jennings: We haven't said it for many months. We begin tonight with Saddam Hussein. While Governor Clinton was concentrating today on who's going to be his secretary of HUD and in charge of veterans affairs and President Bush was trying to figure out what to do Somalia, Bosnia-Herzegovina, and the Israeli-occupied territory, it suddenly looked to U.S. intelligence as if Saddam Hussein might be trying to take advantage.

ABC's Bob Zelnick reports senior Pentagon officials have told ABC News that Saddam has consolidated his forces in Northern Iraq to such an extent during the past six weeks that military analysts believe he may be preparing an attack against Kurdish areas which have been under the protection of the U.S. According to senior Pentagon officials, Saddam has shifted substantial numbers of tanks and other heavy weapons to front-line positions opposite the Kurdish sanctuary.

-more-

Zelnick continues: He has also sent mortars, artillery and communications equipment into the area, bringing under-strength divisions up to nearly full-readiness. Military analysts say Iraq is now in position to launch a surprise attack against the Kurds, overrunning them in a matter of hours. One military assessment circulated at the Pentagon and made available to ABC News states "Iraq has sharply raised the ante in its threat to the Kurds and is in position to present the U.S. and the U.N. coalition with an embarrassing and difficult situation...a fait accompli." A less alarming assessment is offered by other senior sources who say Saddam may simply be preparing for large-scale training exercises in the northern mountains. (ABC-Lead)

ISRAEL DEPORTATIONS

Rather reports Israel started deporting hundreds of Palestinians tonight, ignoring a plea from President Bush. The deportation prompted cancellation of today's session of the peace talks and may scuttle them completely.

CBS's Jesse Shuleman reports buses are rolling across the border from Israel into Southern Lebanon. Aboard are almost 400 Palestinians accused of being or aiding Islamic extremists, expelled for up to two years by order of the Israeli government. Israel says it wants the peace talks to stay on track, but moderate Palestinians who met with President Bush today said there couldn't be business-as-usual.

(TV coverage of President meeting in Oval Office.)

Haidar Shaifil, Palestinian negotiator: "I really come to tell you what will happen. I think it will deal a death blow to the peace process.")

But Prime Minister Rabin seems to be hoping that cracking down on the extremists will strengthen the hand of those who want a peaceful solution to the conflict. (NBC-8, CBS-9)

Jennings reports President Bush met with delegates to the peace negotiations.

(TV coverage of Oval Office meeting.)

The Palestinians there warned him that the expulsions could in their words deal a death blow to the talks. And late today the PLO said Palestinians would not return to the negotiation table until the 400 are allowed to go home. (ABC-2)

NAFTA

Jennings reports President Bush picked an appropriately symbolic setting today to sign the NAFTA.

(TV coverage of President Bush signing agreement.)

He was at the headquarters of the OAS. The agreement will create a free-trade zone throughout North America. The agreement was also signed in Mexico City by President Salinas and in Ottawa by Prime Minister Mulroney. (NBC-6, ABC-5)

TRADE DEFICIT

Jennings reports a surge in exports pushed the U.S. trade deficit down by 18% in October. Americans still imported \$7 billion more than they exported. (ABC-7)

SOMALIA/U.S. MARINES

Jennings reports now that they have pacified the interior city of Baidoa, the American Marines and French paratroopers have begun extending their protection to some of the outlying areas that haven't seen relief supplies in a while.

ABC's Don Kladstrup says the heavily guarded convoy with 100 tons of food left Baidoa just before noon. Its mission: getting food to the countryside. But its larger goal was to let everyone know the Marines are in control and mean business.

(NBC-3, CBS-3, ABC-10)

SOMALIA/GERMAN TROOPS

Rather reports Chancellor Kohl said today he will send 1,500 armed German troops to Somalia in a historic reversal of policy.

(ABC-11, CBS-2)

CHILDREN'S HEALTH

Jennings reports the Children's Defense Fund says more than 14 million American children -- 1 in 5 -- live in poverty -- the most in three decades.

(CBS-6, ABC-13)

AIDS VACCINE

Brokaw: The world is waiting for a breakthrough -- a vaccine against AIDS. It's not here yet but tonight there is a major development -- what is being called a scientific landmark in AIDS research. Harvard scientists have successfully vaccinated monkeys against the monkey AIDS virus.

(CBS-10, ABC-9, NBC-Lead)

RUSSIAN ARMS SALES TO CHINA

Brokaw reports president Yeltsin is in China tonight. During a sight-seeing stop at the Great Wall Yeltsin said there were great prospects for Russia to sell military equipment to China.

(CBS-8, NBC-11)

-End of B-Section-

Aug 18

To
Prime Minister John Mayor
with high esteem
and best wishes
Ag 132
President of the United States of America
Washington, D.C.
Dec. 18, 1992



To
H. E. Jacquno Delors
with respect
and best wishes
Ag 132
President of the United States of America
Washington D.C.
Dec. 18, 1992





United States Department of State

Washington, D.C. 20520

December 9, 1992

MEMORANDUM FOR ROSE ZAMARIA

FROM: Connie Dierman *CDM*

SUBJECT: Official Working Visit by UK Prime Minister John Major and EC President Jacques Delors;
December 18, 1992

Pursuant to our conversation, the President's gifts to Prime Minister Major and President Delors will be a copy of The American Presidents, Bicentennial Presidential Inaugural Edition.

Could you please ask the President to sign bookplates for both men:

The Right Honorable
John Major, M.P.,
Prime Minister of the United Kingdom

His Excellency
Jacques Delors
President of the European Communities

Thanks, Rose.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memo	Brent Scowcroft to POTUS Meeting with Palestinian Leader Feisal Hussein (2 pp.)	12/17/1992	(b)(1)	S

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, December 18, 1992 [2]

Date Closed: 9/19/2019

OA/ID Number: 90743-006

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

AR Case #:

MR Case #:

AR Disposition:

MR Disposition:

AR Disposition Date:

MR Disposition Date:

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Talking Points	Points to be made for meeting with Palestinian Leader Feisal Hussein (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, December 18, 1992 [2]

Date Closed: 9/19/2019	OA/ID Number: 90743-006
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AR Case #:	MR Case #:
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PARTICIPANTS

U.S.

The President

James A. Baker III, Chief of Staff

Brent Scowcroft, Assistant to the President for National
Security Affairs

Edward Djerejian, Assistant Secretary of State

Dennis Ross, Director, Policy Planning Staff

Richard Haass, Senior Director for Near East and
South Asian Affairs

Palestinian

Dr. Faisal Husseini, Head of Delegation

Dr. Haider Abdel-Shafi

Dr. Hanan Mikhail-Ashrawi

Dr. Camille Mansour

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Reports	Government Report (2 pp.)	12/11/1992	(b)(1)	S

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, December 18, 1992 [2]

Date Closed: 9/19/2019

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- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

THE WHITE HOUSE

WASHINGTON

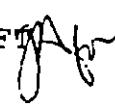
December 17, 1992

MEETING WITHPHILIP JOHNSTON, PRESIDENT OF CARE

DATE: December 18, 1992

LOCATION: Oval Office

TIME: 9:30 - 9:35 a.m.

FROM: BRENT SCOWCROFT I. PURPOSE

To recognize the role of U.S. NGOs in Somalia, and Johnston's contribution as UN coordinator for assistance to Somalia.

II. BACKGROUND

Johnston is President of CARE, and the UN coordinator for its relief operation in Somalia. When the international community agreed in Geneva in October on a 100-day plan to surge relief into Somalia, the UN named Johnston to head the effort, and CARE agreed to release him for this period of time. Johnston, who is based in Mogadishu and works with Ambassador Kittani, is in the U.S. for a short visit.

III. PARTICIPANTS

At Tab B

IV. PRESS PLAN

Open photo, writing pool

V. SEQUENCE

Following photographs, you and Mr. Johnston will have a brief conversation.

Attachments

Tab A Points to be Made

Tab B List of Participants

POINTS TO BE MADE FOR MEETING WITH
PHILIP JOHNSTON, PRESIDENT OF CARE

- I wanted to take advantage of your being back in the U.S. for a few days to get your first hand impressions of the relief effort in Somalia.
- We admire what you have done as UN coordinator and hope the presence of the coalition will now make the tremendous task easier.
- We're going to move just as fast as we can to establish a secure environment in the areas of greatest starvation.
- Are your needs starting to be met? What is the longer term program for planting crops and restoring herds?
- Please extend my gratitude, and that of all the American people, to the workers from CARE and the other PVO's working in Somalia. They are doing a tremendous job under extremely trying conditions. They are real heroes.
- I know we can count on you to spearhead the intensified effort.
- Please give my old friend Ambassador Kittani my best wishes when you get back to Mogadishu.

PARTICIPANTS

The President
The Vice President
James A. Baker III, Chief of Staff
Philip Johnston, President of CARE
Brent Scowcroft, Assistant to the President for National
Security Affairs
Jonathan T. Howe, Deputy Assistant to the President for
National Security Affairs
Andrew Natsios, Assistant Administrator of the Agency of
International Development for Humanitarian Assistance
John M. Ordway, Director, African Affairs, NSC Staff

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WASHINGTON

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December 17, 1992

MEETING WITH BRITISH PRIME MINISTER MAJOR
AND EC COMMISSION PRESIDENT DELORS

DATE: December 18, 1992

LOCATION: Oval Office, Cabinet Room,
and Old Family Dining Room

TIME: 11:25 a.m.-2:00 p.m.

FROM: BRENT SCOWCROFT *B*

I. PURPOSE

To encourage rapid conclusion to the Geneva GATT negotiations, to strengthen foreign policy cooperation, to reflect on the evolution of U.S.-EC relations.

II. BACKGROUND

Your trade and economic objectives for the meeting are:

- To extract an EC pledge to stop foot-dragging in Geneva and to join us in resolving remaining problems;
- To encourage the EC to work for a Multilateral Steel Agreement, as the best way to resolve our bilateral steel disputes.
- To urge decisive action by the Europeans to ensure economic recovery.

Your foreign policy objectives are:

- To encourage support for an enforcement resolution on the Bosnia no-fly zone, for expanding the humanitarian relief effort and UNPROFOR as needed, and for steps to prevent an explosion in Kosovo (international monitors and warning to Milosevic);
- To urge continued support for Russia and exchange assessments on the new Russian government and how it may affect long-term assistance plans;
- To brief on the Middle East peace process and encourage continued EC support.
- To urge continued EC support for a solution in Somalia.

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EC SETTING: FRESH FROM SUCCESSFUL COMPROMISE IN EDINBURGH

Major and Delors arrive pleased with the December 11-12 Edinburgh EC Summit. They will brief you on the results.

After six months of malaise set off by the Danish rejection of Maastricht, many in Europe felt the EC was off track and heading for disaster. In addition to divisions over the Maastricht treaty, the EC was sharply split over trade, its budget and macro policies, hit by a major currency crisis, embarrassed by its inability to effectively handle the Yugoslav crisis and buffeted by widespread public discontent and increased xenophobia. All of these troubles were fueled by sagging economies, which the EC seems unable to address. Not surprisingly, tensions among the EC leaders have been high. Delors and Major, for example, have attacked each other in recent weeks over Maastricht and over GATT.

At Edinburgh, the EC leaders found compromises and papered over differences in a way which should restore some momentum to European integration and decrease the bickering. But the EC remains divided on vital issues. And, it is far from out of the woods on Maastricht, nor is it safe from the potential of further currency turmoil. Indeed, the EC is likely to remain inwardly focussed for some time, requiring prodding from us to win their active participation in meeting international challenges.

Edinburgh focussed on two big issues: (1) Danish objections to the Maastricht treaty; and (2) the proposed new seven year EC budget (called Delors II). On Maastricht, the Danes sought a legally binding way to opt out of certain Maastricht treaty provisions (e.g. common European currency, EC citizenship, and common European defense). Most other EC leaders resisted any opt outs, especially any requiring a second ratification process. In the end, the British sold a compromise package including two declarations by the EC leaders and one by Denmark which seems to fit the bill. The initial reaction in Denmark is positive, but the package must still be approved by the Danes in a second referendum (probably in April or May).

To the dismay of other EC members, however, the British will apparently still hold off their own parliamentary ratification of the treaty until after the Danish vote. Foreign Minister Hurd said that if the Danes reject the treaty a second time, London will abandon its ratification plans. That would set off another EC crisis.

On the budget, the richer states had opposed Delors' proposal for a significant increase in EC spending over the next five years, citing economic difficulties at home.

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However, the poorer EC states -- Spain, Portugal, Greece and Ireland -- championed the proposal, as it would give them substantial new "cohesion funds." In the end, the leaders compromised at a budget for seven years rather than five, which is frozen for the first two years and then rises from the current 1.2 percent of EC GNP to 1.27 percent. The budget agreement allowed the EC leaders to agree that enlargement negotiations with Sweden, Austria, Finland and probably Norway can begin in early 1993, with an eye to admitting them to the EC by 1996. Finally, the summit welcomed introduction of the single market on January 1.

URUGUAY ROUND

Progress at the GATT talks in Geneva has been very disappointing since the November 20 U.S.-EC agreement. EC participation has been slow to materialize and hesitant, while EC member states are sniping at the U.S.-EC accord. The French, buoyed by signs of others' doubts about the agreement, are doing all they can to slow progress. (France seeks to delay an agreement past its March elections. It would like to reopen the U.S.-EC package either directly or via the Geneva talks. If that is not possible, it seeks EC compensation for its farmers.) The Commission is feeling exposed by member state criticism and reticent about how to move given our transition. The Danes, who take over the EC Presidency in January, are not likely to be of much help.

The EC hesitancy has made other GATT partners reticent to move forward. The EC is charging that we are delaying progress by reopening issues, such as the framework for the proposed Multilateral Trade Organization (where we do have serious questions). But, in our view the EC seems to be trying to wrap up the Round suiting its interests on outstanding issues and not meeting ours. We cannot meet Dunkel's original December 22 deadline for a political agreement. There must be substantial progress in the next few weeks to have any hope of reaching agreement before fast track authority expires.

Carla Hills has provided a more detailed memo on the Round at Tab D. Franz Andriessen declined our invitation to see Carla Hills before your meeting to try to resolve remaining problems. (Andriessen is leaving the Commission soon.) Nevertheless, Major and Delors are agreed to review with you the state of play on bringing the Round to conclusion and consider what public message can encourage progress. You should press them to confirm what has been agreed and to commit to move forward rapidly toward a complete package. But, we do not want the EC to think we are seeking agreement at any price. One useful public message will be to urge Tokyo to move on rice and other issues.

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OTHER TRADE ISSUES: TELECOMMUNICATIONS AND STEEL

Two major non-Round trade issues may come up on Friday -- government procurement in telecommunications and steel. On the first issue, you announced earlier this year that we would retaliate if the EC enacts a new directive in January that creates barriers to our companies' ability to compete in these areas. The EC wants private U.S. telecommunications firms to be subject to the same procurement regulations as their state-owned firms. We have proposed to the EC that it delay implementation of its directive so we can negotiate a solution.

The other major trade problem involves charges by U.S. steel companies of unfair subsidies and dumping by European steel companies. The Commerce Department issued preliminary findings on subsidies that would impose duties on steel imports from six EC countries. Preliminary findings on the dumping cases are due January 26; large penalties are expected. The EC is protesting loudly. However, the EC itself recently imposed anti-dumping duties on East European steel and just announced a three year, billion dollar subsidies package for its own steel industry. EC subsidies do, in fact, give European companies an unfair advantage. You can point out that the best long-term solution to the steel problem would be for the EC to work with us to conclude the Multilateral Steel Arrangement (MAS).

EC AND WORLD ECONOMIC SITUATION

Delors may raise this topic. Secretary Brady will be prepared to comment. EC economic prospects for 1993 are glum. Delors has been particularly outspoken on the dangers of recession and promoted a \$75 billion EC-wide growth initiative package. The Edinburgh Summit agreed on a much more modest growth package, which reportedly involves few new funds. Continued high interest rates in Europe and confidence problems are key factors serving to deepen and lengthen the current downturn in Europe. This could cost us dearly in lost trade, and might generate renewed EC protectionism, complicating existing trade disputes.

REGIONAL COOPERATION: YUGOSLAVIA, RUSSIA, AND MIDDLE EAST

The EC has become increasingly pessimistic about the former Yugoslavia and its own handling of the crisis. The Edinburgh Summit strongly condemned the Serb leadership, called for enforcement of the no-fly zone and asked for creation of "security zones" to protect civilians. Secretary Eagleburger is trying to hammer out a consensus on next steps this week in Europe. The British are among the most reticent to undertake further military action, while

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Delors supports military intervention. On Sunday, he called for a "credible threat" to confront the Serbs and said the U.S. leadership in Somalia should be a "warning to Europe" to act boldly on Yugoslavia. Greek objections continue to paralyze the EC on recognition of Macedonia.

The Europeans are responding with caution to political turmoil in Russia. They are withholding new aid commitments, going slow on negotiating cooperation agreements, and being cautious on debt rescheduling. While committing impressive amounts of aid to the CIS states, the EC continues to have problems disbursing its assistance. Eastern Europeans also complain of slow aid disbursements. The EC remains divided over how quickly to integrate Eastern Europe into the EC, with the British arguing for relatively rapid integration. Many EC states are increasingly wary that EC agricultural, textile and steel industries will be harmed by East European exports.

EC members are pleased with the agreement worked out with Prime Minister Rabin for an EC role in the regional security portion of the Middle East talks. France is seeking a larger EC role by trying to mediate between Syria and Israel and by trying to link the multilateral and bilateral talks. As a sweetener, they and the Germans have vetted a \$1 billion regional development package. While Israeli-European relations have improved with the Rabin government, the Europeans still have more influence with the Arabs and tilt that way on the issues.

U.S.-EC RELATIONSHIP

The EC is a natural economic competitor and market for us as well as a potentially vital partner in solving global problems. Over the past four years, we have taken steps to manage that economic relationship constructively, while nurturing political links by support for European integration and building new means for cooperation. Your agreement to semi-annual presidential meetings and the 1990 U.S.-EC declaration embody what has become an impressive network of transatlantic consultation. (Secretary Brady may announce agreement for U.S.-EC talks on financial issues.)

On foreign policy, this process works very well as an information and analysis exchange -- and thus for building consensus for action in international fora, for example. But because of the EC's difficult decision-making process, the process often falls short when quick and decisive action is demanded. Our discussions on trade and foreign policy often run aground on the inability of the EC to reach consensus or to take a decision when one member state resists firmly. And at the same time, the EC often takes

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offense if we are not perceived to have accorded it a sufficient role or seeks to affirm its special identity by staking out a position without us.

For the foreseeable future, we can expect continued headaches of this type as the EC will remain a hybrid somewhere beyond a simple regional organization but far short of a unitary actor. Nevertheless, the EC remains collectively a major world economic power, one of our largest trading and investment partners, and has the potential to mobilize significant resources to meet world needs. These attributes, plus our shared values, demand that we soldier on in trying to build a better partnership.

We should avoid premature commitments, such as treaties, before the EC is institutionally ready to bear its responsibilities. But you can suggest that we explore ways to make more effective our cooperation (such as finding a better way to resolve our bilateral trade disputes and to bring other disagreements to more rapid resolution).

III. PARTICIPANTS

List at Tab B.

IV. PRESS PLAN

Brief photo opportunity in the Oval Office and departure statements in the East Room following lunch.

V. SEQUENCE

11:30 a.m.	Photo Opportunity with Major and Delors in the Oval Office (principals plus one)
~~11:30 a.m.~~	Full Meeting in the Cabinet Room
12:30 p.m.	Lunch in the Private Dining Room
1:45 p.m.	Departure statements in the East Room

Attachments

Tab A	Points To Be Made
Tab B	Participants and Agenda
Tab C	Memo from the Secretary of State
Tab D	Memo from Carla Hills and Related Background Papers
Tab E	Other Background Papers
Tab F	Biographies

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POINTS TO BE MADE FOR MEETING WITH
UK PRIME MINISTER MAJOR AND EC COMMISSION PRESIDENT DELORS

Introductory Remarks

- Welcome. We have a full agenda. But I would like to start by highlighting two points.
- First, I'm glad that, unlike our last two meetings, we will not be discussing the details of a U.S./EC agreement on agricultural trade.
- The November 20 agreement forms a strong basis to move to a comprehensive package in Geneva.
- It is in both our interests to get as comprehensive and beneficial an agreement in Geneva as possible to ensure broad support.
- But I am not satisfied with the pace of progress in Geneva.
- The second general point, and it is related, is that I am proud of what this Administration has done to deepen and broaden U.S./EC relations.
- With the U.S.-EC Declaration and its implementation, we have created and nurtured a valuable pattern of transatlantic ties and engaged in genuine cooperation and coordination in a wide variety of areas.
- We are establishing a genuine global partnership to confront the issues of transition in the former Soviet Union and Central and Eastern Europe, pursue peace in the Middle East, and most recently to assist the people of Somalia.
- But, a failed GATT Round and renewed trade tensions would endanger the progress made in building our partnership and

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limit the flexibility of the next occupant of this chair in furthering our shared interests.

-- We owe to it to our people and the world community to provide the critical economic stimulus that a successful Uruguay Round agreement will engender.

-- But before we discuss the Round, I am looking forward to hearing from you about the Edinburgh Summit.

AGENDA ITEM I: THE EDINBURGH SUMMIT

-- (IN RESPONSE TO MAJOR) Thank you for that briefing. You faced some difficult issues, but it sounds like you were able to put together a very good package.

-- What timetable are you looking at now for Maastricht ratification?

-- On Enlargement of the Community, when do expect the EFTA applicants to join? What about the Eastern Europeans?

AGENDA ITEM II: THE U.S.-EC ECONOMIC RELATIONSHIP

GATT/Uruguay Round

-- As I indicated earlier, we are very pleased that the U.S. and EC Commission were able to reach agreement on the oilseeds dispute and agriculture issues in the Uruguay Round. It required difficult compromises on both sides.

-- We thought our November 20 agreement would permit the negotiations in Geneva to proceed quickly and to conclude the Uruguay Round this year.

-- But progress remains slow, I am told in large part because the EC delayed tabling its concessions on agriculture and moving forcefully in other areas. Other countries have held back until they see the EC offers.

- This is disappointing.
- I am still committed to bring the Round to a conclusion during my Administration and have instructed Carla Hills and her team to make every effort to achieve this goal.
- We all know from the history of big negotiations like this the tendency of parties to wait to put forward their final positions until the clear end game. Thus, it is vital to build momentum. We had hoped our November 20 agreement would have done that.
- But the longer we delay, the more chance that other issues can become major impediments and momentum dissipate.
- Also, if we do not make rapid progress in the next few weeks, it will be impossible to meet our deadline under the fast-track trade negotiating authority. The new administration has only until March 2 to submit the text of an agreement to Congress.
- I cannot predict how President-elect Clinton would handle this matter. But I can tell you that requesting new legislation to extend fast-track authority carries risks that the new Congress will seek to change our negotiating position and unravel agreements already reached.
- I can also add that the democratic congressmen we are hearing from tell us to keep pushing ahead vigorously now.
- I strongly believe that we should make the best use of the opportunity we have now to reach a balanced, comprehensive GATT agreement. How can we work together in the days ahead to bring the negotiations to a successful conclusion?

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- I hope that after our meeting today we can express our joint commitment to conclude the Round quickly.
- Another step we can both take individually and perhaps together is to urge the Japanese to move forward, especially on rice.

(IF ASKED ABOUT MARKET ACCESS, THE MULTILATERAL TRADE ORGANIZATION OR ANY SPECIFIC URUGUAY ROUND ISSUES, CARLA HILLS WILL BE PREPARED TO RESPOND.)

Steel (If Raised)

- I understand you and many EC steel companies are concerned about the Commerce Department's dumping and subsidies investigation. U.S. steel companies are also concerned about practices of foreign companies that violate U.S. dumping and subsidies laws.
- U.S. industry estimates that EC steel companies have received \$45 billion in government subsidies since 1986, harming U.S. steel producers.
- Under U.S. law, U.S. steel companies are entitled to file countervailing duty and anti-dumping cases against unfair trade practices. Investigations are conducted in full compliance with the GATT.
- The best long-term solution to our problems in the steel area would be to negotiate a Multilateral Steel Agreement that barred subsidies to steel producers. This would reduce companies' vulnerability to subsidies complaints.
- I understand that we still have differences on the subsidies question. But we want to work together with you to resolve the problem. Carla, what is the state of play?

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Dispute Over EC Procurement Directive (If raised)

- Earlier this year, I announced that the United States would take trade action if the EC implemented in January, a utilities regulation that discriminated against U.S. telecommunications companies and exporters of electrical power equipment.
- To give our negotiators more time to work out an agreement in parallel with the Uruguay Round, I am prepared to delay trade action if the EC postpones implementation of the directive for at least two months (i.e., until March 1, 1993). Carla, can you fill in the details?

World Economic and Monetary Situation

(NICK BRADY WILL BE PREPARED TO JOIN IN ON THIS TOPIC)

- We are concerned about the weak outlook for economic growth next year in the European Community (EC) and in Japan. The latest data on the U.S. recovery are encouraging.
- Another year of slow world growth will make it hard for all of us to cope with domestic problems like high unemployment and such international problems as integrating Eastern Europe and the former Soviet Union into the world economy.
- With recovery underway in the U.S., we look to Japan and the EC countries to work with us.
- The Japanese have reduced their interest rates several times this year and have launched a \$86 billion dollar fiscal stimulus program. Though the program may prove insufficient, it is a positive step.
- The big question mark is Europe.

- We are fully aware of the inflation problem in Germany and the high cost of reunification, which explains continued high interest rates there. But, high rates are clearly not needed elsewhere in Europe and have caused problems.
- I understand that the EC leaders approved a proposal. What are the prospects for policy action both jointly and independently among EC member states?

AGENDA ITEM III: INTERNATIONAL ISSUES

Former Yugoslavia

- The Yugoslav crisis is deeply distressing to all of us.
- As you know, Larry Eagleburger has been holding intense discussions on next steps with his counterparts in Europe.
- He went with three goals in mind: (1) to generate support for an enforcement resolution to stop the violations of the no-fly zone; (2) to explore how we can increase the delivery of humanitarian aid through-out Bosnia; and 3) to gain agreement to issue a stiff warning to Milosevic regarding Kosovo in order to prevent the outbreak of violence there.
- Of course, he is also pursuing with his European colleagues the range of questions including the recognition of Macedonia and this weekend's elections in the FRY.
- Perhaps Under Secretary Kanter can fill us in on this week's developments, and we can consider what we might usefully say after our meeting to support this process.

Russia

- The situation in Moscow is obviously confusing and chaotic.
- In our view, the Congress dealt reform a blow. But I remain convinced that Yeltsin will stand by the reform process. He

now has a chance to strengthen the executive branch in the April referendum.

- We do not know Chernomyrdin well, but view him as a moderate supporter of reform, and private investment, although not nearly as strong as Gaydar.
- We intend to work closely with him in order to move our economic relationship forward.
- U.S.-EC Assistance to Russia: Several major issues will require close U.S.-EC coordination in the months ahead:
 - Debt Rescheduling: A generous and flexible Paris Club rescheduling is the single most important assistance we can give Yeltsin. I know an offer was made in Paris this week. Nick, what is the state of play?
 - IMF Standby: A key early test of Chernomyrdin will be his ability to rejuvenate talks with the IMF on the standby. We should encourage both to be flexible.
 - Technical Assistance and Humanitarian Aid: We have worked well together in coordinating western assistance. We must stay closely in touch this winter.
 - Foreign Investment: Another western message for Chernomyrdin should be to stress the critical importance of opening up Russia further to foreign investment and trade.
- Other Issues: I continue to work with Yeltsin on START II. We are close to an agreement but it remains to be seen whether we will have sufficient time to sign a treaty together before I leave office.

- The Baltic troop issue must remain a concern for us. We are pushing Russia for the earliest possible withdrawal, but also encouraging Estonia and Latvia to improve the situation for the Russian ethnic minorities.

Eastern Europe (As Needed)

- We must not let our assistance efforts for Central and Eastern Europe flag. We need to further enhance trade opportunities in our markets if their economies are to prosper. Our Trade Enhancement Initiative and your Association Agreements are helping but more efforts to open markets are needed.

Middle East

- The U.S. and the EC share important objectives in the Middle East, including achieving a just, lasting and comprehensive peace between Israel, her neighbors, and the Palestinians.
(YOU CAN SHARE IMPRESSIONS OF YOUR MEETINGS WITH THE MIDDLE EASTERN DELEGATES AT THIS POINT.)
- We will continue to work actively to move the peace process forward. We are pleased the EC is now a full participant in all multilateral working groups and appreciate the very constructive contribution the EC is making.
- In the bilateral talks, the recent joint efforts by the U.S. and the EC to prevent an escalation of the violence in south Lebanon succeeded in keeping the opponents of peace from derailing the process. This is an example of U.S.-EC cooperation at its best.

- Both the U.S. and the EC have been engaged in diplomatic efforts aimed at reducing the effectiveness of, and eventually eliminating, the Arab League boycott of Israel.
- We would welcome additional EC action on the boycott.
- The situation in northern Iraq presents us with a difficult challenge. The Turkish Parliament's extension of Operation Provide Comfort is crucial to averting a crisis in northern Iraq. We hope that EC countries will join us in urging Ankara to grant an extension of this operation.
- We also appreciate the EC's contribution to the humanitarian efforts in northern Iraq. In light of Saddam's outrageous attacks on UN relief convoys in the north, we must energize the UN to expand the relief program and to take steps to protect it. We also hope EC member states will contribute to the UNSCR 778 Escrow Account.

Somalia

- We appreciate the strong support from the EC and its member states in the form of humanitarian aid, troop contributions and cooperation in the UN. We will need to work closely in meeting the immediate needs and in bringing about a UN-sponsored political solution.

AGENDA ITEM IV: THE FUTURE OF U.S.-EC RELATIONS

- U.S./EC relationship has become one of our most privileged, as symbolized by our twice annual meetings. We established a solid basis and structure for our growing cooperation with the 1990 U.S./EC Declaration.
- Our public and private support for European integration has been firm and constant.

- However, we have had our differences, and some on both sides of the Atlantic argue that competition rather than cooperation will become the basis of our relationship.
- Competition is natural and healthy. However, it would not be in the interest of the United States or of the European Community to let our competition get out of hand. We have much more to gain and to give to the world as partners.
- On foreign policy cooperation, we can look proudly at our work together in meeting world challenges -- in Iraq, in Central and Eastern Europe and the CIS, on the Balkan conflict, the Middle East, Angola and Somalia.
- We are doing an excellent job of sharing analyses and information and thus encouraging consensus between us on key international problems.
- But there have been frictions. Sometimes the U.S. has been able to move more quickly than the EC on complex issues. Sometimes, the EC members wait to consult and coordinate with us in fora such as the UN and CSCE until they have reached an unalterable EC position. This makes it difficult to arrive at common positions.
- We both can do better on real, early and meaningful consultation before launching policy initiatives.
- On the trade front, our November 20 agreement may end the year on a high note. But it has taken too long and took too dangerous a course to get there.
- Political cooperation will be difficult to achieve if we can't agree on trade issues well before they push us to the brink of confrontation.

- We should strive for means to resolve bilateral trade issues before they risk undermining our overall relationship and its critical global importance.
- Eventually, I suspect that we will be able to institutionalize our relationship further. I am a strong believer in a global partnership between the United States and Europe and an ever freer trade relationship between us.

PARTICIPANTS FOR U.S.-EC MEETING AND LUNCH DECEMBER 1992

U.S.

The President

The Vice President

Acting Secretary of State Arnold Kanter

Nicholas Brady, Secretary of Treasury

Carla Hills, U.S. Special Trade Representative

James A. Baker III, Chief of Staff

Brent Scowcroft, Assistant to the President

for National Security Affairs

Robert Zoellick, Deputy Chief of Staff

James Dobbins, U.S. Ambassador to the EC

Ralph R. Johnson,* Deputy Assistant Secretary of State

for European Affairs

Eric Melby,* NSC

E. Anthony Wayne, NSC (notetaker)

EUROPEAN COMMUNITIES

John Major, Prime Minister of the United Kingdom and
EC Council President

Jacques Delors, President of the Commission of the
European Communities

Sir Robin Renwick, Ambassador of the United Kingdom

Andreas van Agt, Head of the Delegation of the Commission of the
European Communities

Christopher Roberts, Deputy Secretary, Department of Trade
and Industry

Horst Krenzler, Director General, External Relations, Commission
of the European Communities

Stephen Wall, Private Secretary to the Prime Minister

Bernard Zep, Advisor to the President of the Commission of the
European Communities

Sarah Hogg, Head, Policy Unit, Office of the Prime Minister

Ove Juul Jorgensen, Director for North America, External Relations,
Commission of the European Communities

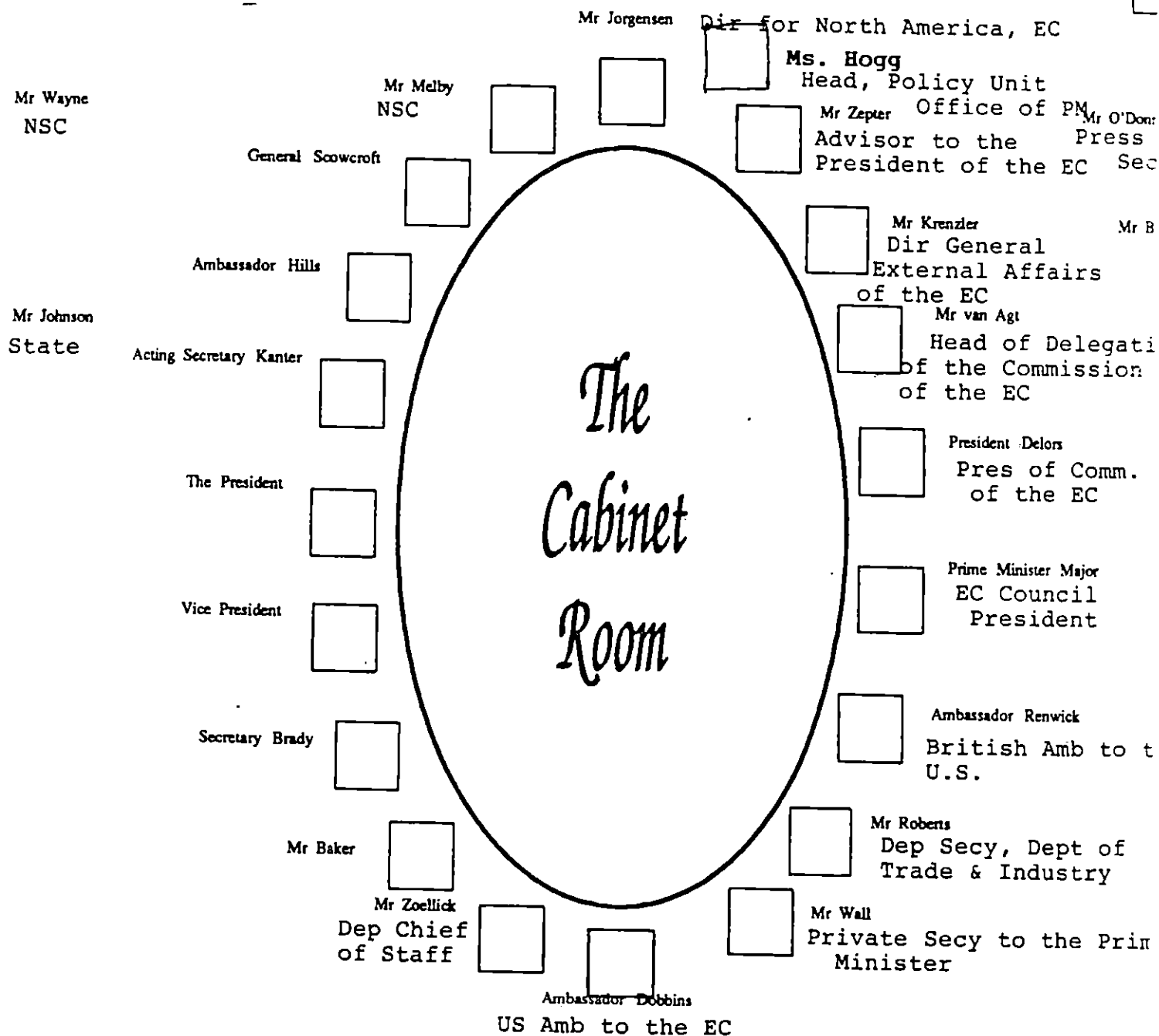
Gus O'Donnell,* Press Secretary, Office of the Prime Minister

Lodewijk Briet,* Head of Unit for Political Cooperation,
Commission of the European Communities

* Will not join for lunch.

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AGENDA FOR U.S.-EC PRESIDENTIAL MEETING DECEMBER 1992

- 1) BRIEFING ON EDINBURGH EC SUMMIT AND THE SITUATION IN THE EC
- 2) THE U.S.-EC ECONOMIC RELATIONSHIP (URUGUAY ROUND, OTHER TRADE ISSUES, OTHER ECONOMIC ISSUES)
- 3) INTERNATIONAL ISSUES: THE FORMER YUGOSLAVIA, RUSSIA, THE MIDDLE EAST
- 4) THE FUTURE OF U.S.-EC RELATIONS