International Herald Tribune

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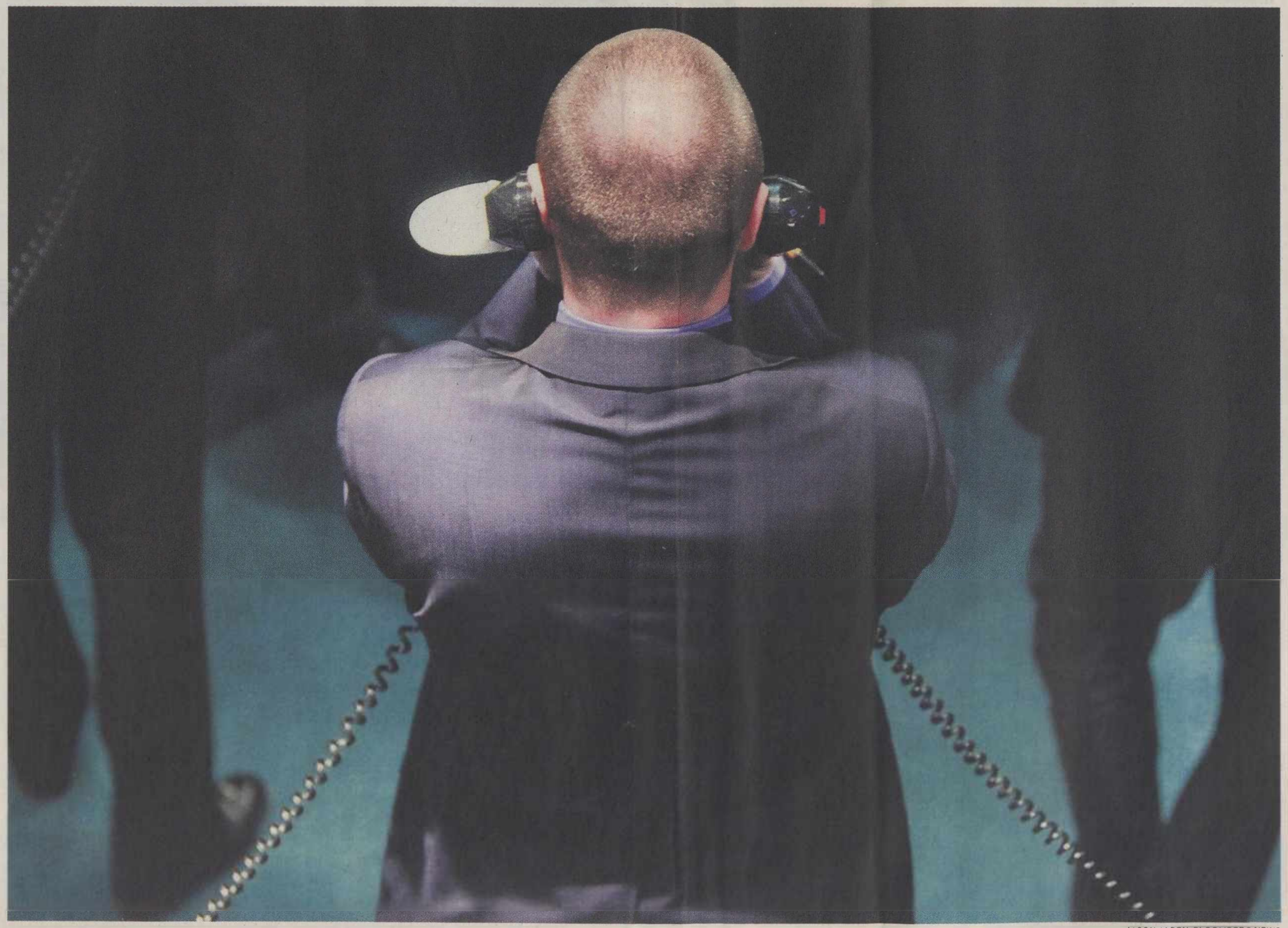
RALLY BEHIND EURO DOUSES CRISIS



JASON ALDEN/BLOOMBERG NEWS

A trader at the London Metal Exchange on Monday. The euro rallied and stocks climbed around the world after European leaders agreed on a plan to end the region's debt crisis.

Obama picks a scholar, not a judge, for high court

WASHINGTON

With no time on bench, Elena Kagan faces wariness on both sides

BY PETER BAKER AND JEFF ZELENY

President Barack Obama on Monday nominated Solicitor General Elena Kagan as one of the nine Supreme Court justices, choosing his own chief advocate before the high court to join it in ruling on cases critical to his view of the country's future.

In announcing his choice of Ms. Kagan to succeed the retiring Justice John Paul Stevens, Mr. Obama emphasized not just her record as the first woman to serve as dean of Harvard Law School and as a "superb solicitor general" — the first woman in that position, too — but as someone particularly suited to help build agreement on a narrowly divided court.

"Elena is respected and admired not just for her intellect and record of achievement but also for her temperament," Mr. Obama said, "her openness to a broad array of viewpoints; her habit, to borrow a phrase from Justice Stevens, of understanding before disagreeing; her fair-mindedness and skill as a consensus builder."

In turn, Ms. Kagan thanked Mr. Obama "for this honor of a lifetime" and paid tribute to her late parents, both immigrants, both the first in their families to attend college.

In Ms. Kagan, the president chose a well-regarded 50-year-old lawyer who served as a staff member in all three branches of government. If confirmed, she would be the youngest member and the third woman on the court, but the first justice in nearly four decades with no judicial experience.

That lack of time on the bench may both help and hurt her confirmation prospects, allowing critics to question whether Ms. Kagan is truly qualified while denying them a lengthy judicial record to be mined for possible vulnerabilities.

As solicitor general, Ms. Kagan has represented the government before the Supreme Court for a year, but her own views are largely a matter of supposition.

Perhaps as a result, some on both sides of the ideological aisle are suspicious of her. Liberals dislike her support for strong executive power and her outreach to conservatives while running the law school. Activists on the right have attacked her for briefly barring military recruiters from a campus facility because the military ban on openly gay men and lesbians violated the school's anti-discrimination policy.

Replacing Justice Stevens with Ms. Kagan presumably would not alter the broad ideological balance on the court, but her relative youth means that she could have an influence on the court for decades to come.

In making the nomination, Mr. Obama was not looking for a liberal firebrand as much as a persuasive leader who could attract the swing vote of
COURT, PAGE 4

FRANKFURT

Enormous E.U. rescue brings relief for now, but markets could lose faith

BY JACK EWING AND LANDON THOMAS JR.

European leaders orchestrated a huge show of financial force Monday to halt a spreading debt crisis, drawing applause from investors but also questions about whether the nearly $1 trillion rescue package merely postponed a reckoning with the euro area's underlying problems.

Markets rallied around the world in response to the extraordinary show of solidarity in defending the euro, which topped even the U.S. government's support for its collapsing financial system in 2008. A broad index of European blue chips closed up more than 10 percent and Wall Street was up more than 3 percent in afternoon trading.

The risk premium on Greek bonds nearly halved as the European Central Bank said it would buy government bonds directly for the first time ever.

But analysts pointed out that the package did nothing to reduce overall debt — it just spread it onto more shoulders.

There will also be a risk that, by in effect shielding Greece, Portugal, Spain and other over-indebted countries from the harsh verdict of the open market, the measures will make it harder for political leaders to overcome public resistance to the deep budget cuts needed to get spending and borrowing under control. Strikes in Greece led to a riot last week that left three people dead.

In what could be a sign of continued jitters, the euro gave up much of its early gains on Monday and interbank lending rates remained elevated. Moody's Investors Service also announced that it might cut Greece's credit rating to junk within the next month, citing the country's "dismal" economic prospects.

"Lending more money to already over-borrowed governments does not solve their problems," Carl Weinberg, chief economist of High Frequency Economics in Valhalla, New York, said in a research note. "Had we any Greek bonds in our portfolio, we would not feel rescued this morning."

Robert Barrie, head of European eco-
ECONOMY, PAGE 16

Source: Bloomberg

Bloc's bold move defies expectations

PARIS

Historic all-night session stabilized markets and underscored E.U. unity

BY KATRIN BENNHOLD AND JAMES KANTER

They said the 27 European Union countries could never get their act together to save the euro after weeks of market turmoil.

But in a weekend for Europe's history books, the Continent's leaders, with advice and pressure from Washington and Tokyo, yanked together a giant package of close to €750 billion, or almost $1 trillion, to contain a spreading debt crisis and restore some faith in their single currency — at least for now.

It happened during one of those all-night sessions that have come to epitomize Brussels, the capital of a bloc that now includes 27 states with over 450 million people. But this marathon was not just another exercise in fudging shades of gray in diplomatic text.

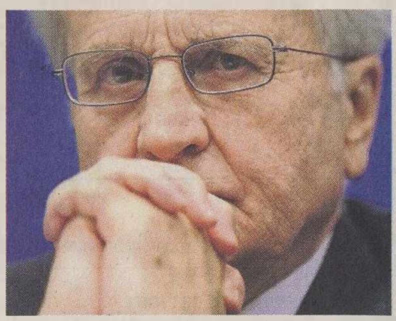
This was about stabilizing world markets and keeping alive Europe's single currency, the euro, a cherished political project whose lack of coordinated economic backing had become painfully evident since a debt crisis started to gnaw at the weakest member, Greece, back before Christmas.

Aware that the "wolf pack" markets, as the Swedish finance minister called them, had dismissed their every move so far, Europe's leaders knew they had to put aside their differences and act. Just to make sure, President Barack Obama called twice from Washington on Sunday, speaking first to Chancellor Angela Merkel of Germany and, three hours later, to President Nicolas Sarkozy of France. The message, said a White House spokesman, was clear: "resolute steps" were needed.

So throughout the tense marathon, the phone lines remained open to North America and Japan, with Group of 7 central bankers listening, according to participants in the talks who insisted on anonymity for revealing sensitive details.

Around 11:30 Sunday night, the talks looked doomed, those participants said.

Then — authored, according to different sources, by the French, the Italians,
UNION, PAGE 16



JEAN-CHRISTOPHE VERHAEGEN/AFP

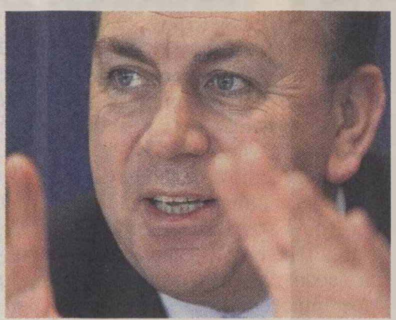
HESITANT Jean-Claude Trichet of the European Central Bank seemed slow to react.

THOMAS PETER/REUTERS

'RESOLUTE' Chancellor Angela Merkel of Germany was instrumental in negotiations.

JOHANNA LEGUERRE/AFP

HARRIED President Nicolas Sarkozy of France worked closely with Mrs. Merkel.



RALPH ORLOWSKI/REUTERS

PERSUASIVE Axel Weber of the German central bank pushed leaders to agree.

BANK OF ENGLAND CHOOSES CAUTION
With recent turmoil in Europe and an unclear election in Britain, the bank kept interest rates unchanged. *PAGE 16*

LENDERS RESIST EUPHORIA
The rescue deal's slight effect on interbank rates is a sign that confidence in the financial sector is fragile. *PAGE 16*

DEBT PACKAGE SPARKS RALLY
After weeks of uncertainty over the Greek debt crisis, equity markets soared in Europe and on Wall Street. *PAGE 18*

MERKEL LETS OPPORTUNITY SLIP AWAY
The German chancellor was in Moscow when her party suffered a major defeat in elections over the weekend. *PAGE 2*

REUTERS BREAKINGVIEWS
Spain and Portugal may be tempted to think they are out of the woods, but the need to cut deficits is still urgent. *PAGE 19*

TYLER HICKS/THE NEW YORK TIMES

PAGE TWO

An unraveling war Dinavance Kamukama, right, a Ugandan, is the face of an AIDS battle that is failing as donations dry up because of the global recession.

BUSINESS

New strikes at British Airways

Cabin crew members voted Monday to hold a further 20 days of strikes beginning later this month. *PAGE 14*

Goldman Sachs sets a record

Traders at the firm made money every single day of the first quarter, a feat it had never accomplished before. *PAGE 14*

WORLD NEWS

Brown to step down in autumn

Prime Minister Gordon Brown said that Labour would begin formal talks with the Liberal Democrats to try to form a government and that he was prepared to step down as party leader. His announcement all but assured that he will not be at the head of a new British government when it is formed. He said he would help steer any talks to form a progressive coalition. *PAGE 3*

Attacks across Iraq kill dozens

The violence, in bombings and shootings in Baghdad and other cities Monday, appeared to be a coordinated rebuttal of assertions by Iraqi and American officials that Al Qaeda in Mesopotamia and other militant groups had suffered debilitating blows. *PAGE 8*

Lena Horne, singer, dies at 92

Ms. Horne was the first black performer to be signed to a long-term contract by a big Hollywood studio and went on to achieve international fame as a singer. *PAGE 4*

VIEWS

Paul Krugman

Why weren't U.S. regulators working to prevent the BP oil spill? Anti-government ideology remains all too prevalent in the United States, despite the havoc it has wrought. *PAGE 7*

Ross Douthat

Fifty years ago, U.S. family structures were fairly uniform. Today, when it comes to marriage and teen pregnancy, there's more than one America. *PAGE 7*

ONLINE

On the Iran-Iraq border

Because Iranians and Americans lack diplomatic ties, some of their closest actual encounters take place along the Iraqi border, including the polluted canal at Shulha al-Alghwat — which was said to be mined during the Iran-Iraq war and which only packs of wild dogs dare cross. At a nearby outpost, there is little obvious tension between the two sides, but some Cold-War-style gamesmanship is evident. **global.nytimes.com/middleeast**

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CURRENCIES NEW YORK, MONDAY 1:30PM

				PREVIOUS
Euro	▲	€1=	$1.2820	$1.2760
Pound	▲	£1=	$1.4860	$1.4800
Yen	▲	$1=	¥93.280	¥91.560
S. Franc	▲	$1=	SF1.1090	SF1.1070

Full currency rates Page 18

STOCK INDEXES MONDAY

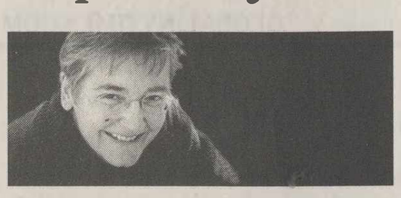
The Dow 1:30pm	▲	10,772.37	+3.78%
FTSE 100 close	▲	5,387.42	+5.16%
Nikkei 225 close	▲	10,530.70	+1.60%

OIL NEW YORK, MONDAY 1:30PM

Light sweet crude	▲	$76.39	+$1.05

PAGE TWO

Merkel lets opportunity slip away



Judy Dempsey

LETTER FROM EUROPE

BERLIN On Sunday morning, Chancellor Angela Merkel watched a grand parade in Moscow marking the 65th anniversary of the end of World War II in Europe.

Back home, voters in Germany's largest state turned out in North Rhine-Westphalia to deal her conservative Christian Democratic Union a crippling defeat. At the same time, in European capitals, one emergency meeting was unfolding after another to formulate a response to the Greek financial crisis.

But Mrs. Merkel sat on the podium in Red Square, watching row after row of marching British, French, Russian and U.S. soldiers.

Surely, asked some legislators, Mrs. Merkel should have remained in Berlin as the world's financial institutions, President Barack Obama and E.U. leaders grappled with the Greek crisis that has threatened the existence of the euro and created havoc in the markets.

Mrs. Merkel sat on the podium in Red Square, watching row after row of marching soldiers.

"Merkel was right to attend those celebrations," said Gerhard Hirscher, a political analyst at the Hanns Seidel Foundation, a conservative research organization. "She was fulfilling her international obligations."

Her domestic obligations are a different matter. When Mrs. Merkel was elected to a second term last September, expectations over her new center-right government were very high. After all, she now had her dream coalition of conservatives and the pro-business Free Democrats in place. She could no longer blame the Social Democrats, her previous coalition partners, for holding up changes.

But in the past eight months, the coalition has spent much of the time squabbling over tax cuts, energy policy and changes in health care. "The profile of the government has been blurred by unending discussions," said Kurt Lauk, a leading Christian Democrat and chairman of the party's influential economics council.

Leading conservative legislators say Mrs. Merkel should have imposed her authority over the coalition instead of tolerating the arguments. "We have failed to tell voters what this coalition stands for," said Wolfgang Bosbach, deputy leader of the Christian Democrats.

Mrs. Merkel had much more going for her. Her coalition had a comfortable majority in the Bundestag, the lower house of Parliament. And until Sunday, it had a majority in the Bundesrat, the upper house. It represents the 16 German states, which have the final say over most laws. There were no excuses.

Yet Mrs. Merkel failed to use both majorities to push through any changes. "She was sitting it out until after the elections in North Rhine-Westphalia before making any big decisions," said Gero Neugebauer, a political science professor at the Free University in Berlin. Now that her center-right coalition has lost its majority in the Bundesrat, it is too late to implement some of her key projects, like cutting taxes, changing the health system and keeping nuclear power plants online longer.

"Had she won the elections in North Rhine-Westphalia, she might have used that chance over the next few years to pursue her liberal economic agenda," Mr. Hirscher said. "But the Greek crisis and the whole debate over the stability of the euro have changed everything. Things are no longer predictable."

That sense of unpredictability extends particularly to European policy.

Until recently, E.U. governments had looked to Germany to provide leadership. Indeed, when Mrs. Merkel was first elected in 2005, she broke ranks with previous chancellors by making foreign policy rather than domestic issues her priority.

She brokered a major budget deal for Poland during an E.U. summit meeting in 2006. She stood up to Russia in 2008 when it imposed an embargo on Polish meat exports. And she worked tirelessly to get the Lisbon Treaty accepted by the 27-member Union in the belief that the bloc could become efficient.

But over the past year or so, Mrs. Merkel's zest for foreign policy and her commitment to more economic and political integration of Europe has faded.

She no longer gives speeches about Europe. Some conservative legislators say this is because Mrs. Merkel senses the growing Euro-skepticism of the German public. Others say she now has to be extremely careful over how far she can push for integration without running up against the country's Constitutional Court. Last year, the court concluded that Germany's national sovereignty could be endangered by some parts of the Lisbon Treaty.

Katinka Barysch, deputy director of the Center for European Reform, an independent research organization in London, said this partly explained why Mrs. Merkel had taken such a very tough stance against bailing out Greece.

"Merkel felt that her hands were tied by very real and immediate constraints," Ms. Barysch said. "But her cautious and delayed reaction is also in line with a deeper shift in Germany's European policies. In a European Union of 27, Germans no longer automatically assume that their national interest coincides with that of the Union."

Mrs. Merkel, however, has never defined Germany's national interests. During the Greek crisis, she stuck to just one issue — the stability of the euro — but without proposing in any detail how the Union could avoid another such catastrophe.

On other foreign policy issues, Mrs. Merkel's profile has been low, too. She has said almost nothing about trans-Atlantic relations, Mr. Obama's ambitious agenda for improving ties with Russia or reducing nuclear weapons. Until recently, she avoided talking about the war in Afghanistan, which is her biggest foreign policy challenge and which is highly unpopular.

Indeed, it fell to Bild Zeitung, the conservative-leaning mass circulation newspaper, to ask why Mrs. Merkel never attended ceremonies commemorating German soldiers killed in Afghanistan. She finally attended her first ceremony last month.

Yet for all the criticism of Mrs. Merkel by her European and U.S. partners and all the coalition squabbles at home, it would be premature to write her off. While her Christian Democratic Union party continues to lose public support, Mrs. Merkel, so far, remains the most popular politician. "If there is one thing Mrs. Merkel understands, it is power," said Mr. Neugebauer, the Free University professor. "This may be so. But now, more than ever, Mrs. Merkel has failed to answer the question what that power should be used for.

E-MAIL *pagetwo@iht.com*

JOHN VINOCUR *is on vacation. His Politicus column will resume May 18.*

IN OUR PAGES * 100, 75, 50 YEARS AGO

1910 Mr. Roosevelt in Berlin

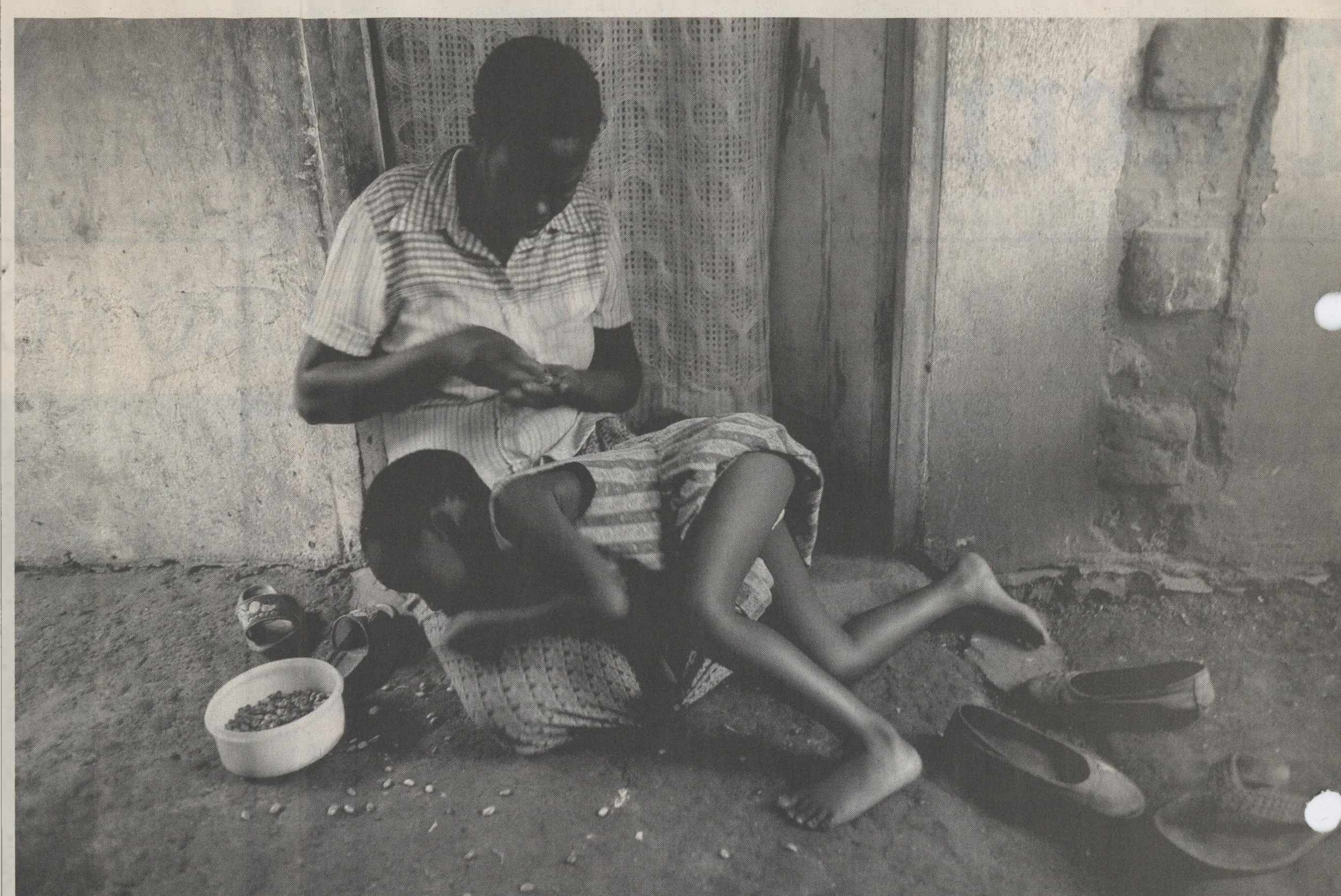
BERLIN Mr. Roosevelt arrived at the Stettin station in Berlin at 9.05 a.m. today [May 10]. Numerous members of the American colony were awaiting the arrival of the train. The American ambassador and all the members of the Embassy were present on the platform, together with Mr. Seth Low, formerly Mayor of New York. Miss Gertrude Elleruhn, a young American lady, presented Mr. Roosevelt with a bouquet of carnations. A great crowd had assembled outside the station, and as Mr. Roosevelt appeared and entered his automobile he was greeted with loud cheers. Mr. Roosevelt was then driven to the American Embassy. Soon after his arrival he drove to consult a physician with reference to the hoarseness from which he is suffering. At a quarter past twelve Mr. Roosevelt proceeded to the Potsdamer Bahnhof, in Berlin, in order to take the train for Potsdam.

1935 'Santa Claus' Dies in Indiana

SANTA CLAUS, INDIANA James F. Martin, postmaster of this town of seventy-five inhabitants, has died after a long illness. He was 60 years old. "Jim" Martin was Santa Claus to thousands of the children who made the annual mail of Santa Claus run to 500,000 letters. He did his annual best to see that as many as possible of the prayers for presents forwarded to him because their youthful senders had merely addressed them to "Santa Claus" were answered by welfare organizations, women's clubs, charitable agencies and the like. Martin was personally responsible for the fame of his village, which reached such proportions that the first letter for last Christmas reached Santa Claus in early November.

1960 Britain Warned on Capetown

LONDON South African External Affairs Minister Eric Louw warned today that his country's relations with Britain may be seriously disturbed if the anti-South African campaign here "is permitted to continue unchecked." He said in a speech that attacks against South Africa from every quarter are increasing "in bitterness and intensity." These, he said, were "based on ignorance of South Africa and its peoples, and actuated not only by prejudice, but only too often by malice."



PHOTOGRAPHS BY TYLER HICKS/THE NEW YORK TIMES

Joan Akello, now 3 years old, was born with AIDS, but her mother, Susan Asio, was unable to get treatment for her at clinics in Kampala, Uganda, because no slots were available.

Global war on AIDS unraveling

KAMPALA, UGANDA

Recession and changes in priorities take toll; Uganda patients rejected

BY DONALD G. MCNEIL JR.

On the grounds of Uganda's biggest AIDS clinic, Dinavance Kamukama sits under a tree and weeps.

Her disease is probably quite advanced: Her kidneys are failing, and she is so weak she can barely walk. Leaving her young daughter with family, she rode a bus four hours to the hospital where her cousin Allen Bamurekye, born infected, both works and gets the drugs that keep her alive.

But there are no drugs for Ms. Kamukama. As is happening in other clinics in Kampala, all new patients go on a waiting list. A slot opens when a patient dies.

"So many people are being supported by America," said Ms. Kamukama, 28. "Can they not help me as well?"

The answer increasingly is no. Uganda is the first and most obvious example of how the war on global AIDS is falling apart.

The last decade has been what some doctors call a "golden window" for treatment. Drugs that once cost $12,000 a year fell to less than $100, and the world was willing to pay.

In Uganda, where fewer than 10,000 were on drugs a decade ago, nearly 200,000 now are, largely as a result of American generosity. But the golden window is closing.

Uganda is the first country where major clinics routinely turn people away, but it will not be the last. In Kenya, next door, grants to keep 200,000 on drugs will expire soon. An American-run program in Mozambique has been told to stop opening clinics. There have been drug shortages in Nigeria and Swaziland. Tanzania and Botswana are trimming treatment slots, according to a report by the medical charity Médecins Sans Frontières.

The collapse was set off by the global recession's effect on donors, and by a growing sense that more lives would be saved by fighting other diseases that are cheaper to treat. Even as the number of people with H.I.V., the virus that causes AIDS, grows by a million a year, money for treatment has stopped growing.

Other forces made failure almost inevitable.

Science has produced no magic bullet — no cure, no vaccine, no widely accepted female condom. Every proposal for controlling the epidemic with current tools — like circumcising every man in the third world, giving a daily prophylactic pill to everyone contemplating sex or testing billions of people and treating all the estimated 33 million who would test positive — is wildly impractical.

Most devastating of all, old-fashioned prevention has flopped. Too few people, particularly in Africa, are using the ABC approach pioneered in Uganda: abstain, be faithful, use condoms.

For every 100 people put on treatment, 250 are newly infected, according to the United Nations AIDS-fighting agency, Unaids.

That makes prospects for the future grim. Worldwide, even though two million people with the disease die each year, the total keeps growing because nearly three million adults and children become infected.

Even now, the fight is falling short. Of the 33 million people infected, 14 million are immuno-compromised enough to need drugs immediately, under the latest World Health Organization guidelines. Instead, despite a superhuman effort by donors, fewer than four million are on treatment.

Just to meet the minimal guidelines, donations would have to treble instead of going flat.

Uganda is a microcosm of that: 500,000 need treatment, 200,000 are getting it, but each year, an additional 110,000 are infected.

"You cannot mop the floor when the tap is still running on it," said Dr. David Kihumuro Apuuli, director general of the Uganda AIDS Commission.

Some battles will still be won. Middle-income countries with limited epidemics, like India, Brazil and Russia, can probably treat all their patients without outside help. China almost certainly can. South Africa might; it has a raging epidemic but is rich by African standards.

But for most of Africa and scattered other countries like Haiti, Guyana and Cambodia, it seems inevitable that the 1990s will return: walking skeletons in the villages, stacks of bodies in morgues, mountains of newly turned earth in cemeteries.

As he toured world capitals seeking donations, Dr. Michel Kazatchkine, executive director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, said he had become "hugely frustrated."

"The consistent answer I hear," he said, "is: 'We love you, we hear you, we acknowledge the fund's good results, but our budget is tight, our budget is cut, it's the economic crisis.'"

No commander in the global fight openly concedes that the war is over, but all admit to being deeply pessimistic.

"I don't see the cavalry riding to the rescue," said Dr. Anthony Fauci, an AIDS researcher who leads one of the U.S. National Institutes of Health.

Eric Goosby, the new global AIDS coordinator in the administration of President Barack Obama, said, "I'm worried we'll be in a 'Kampala situation' in other countries soon."

Michel Sidibe, executive director of Unaids, agreed. "What I see is making me very scared," he said, adding that "the whole hope I've had for the last 10 years will disappear" unless there is a change of heart among donors.

Donors give about $10 billion a year, while controlling the epidemic would cost $27 billion a year, he estimated.

His predecessor, Dr. Peter Piot, said he had seen optimism soar and then fade.

Hopes rose from 2001 to 2003 when cheap generic antiretroviral drugs became available, Kofi Annan, the secretary general of the United Nations, formed the Global Fund, and President George W. Bush initiated the President's Emergency Plan for AIDS Relief.

"Then we were at a tipping point in the right direction," Dr. Piot said. "Now I'm afraid we're at a tipping point in the wrong direction."

AIDS2031, a panel he convened to look ahead to 50th anniversary of the recognition of the epidemic, issued a pessimistic report in November that concluded: "Without a change in approach, a major epidemic will still be with us in 2031."

Because of population growth, it said, there may still be two million new infections a year even then.

According to the Uganda AIDS Commission, the lifetime cost for treating one Ugandan AIDS patient, counting drugs, tests and medical salaries, is $11,500.

Donors have decided that is too much, that more lives can be saved by concentrating on child-killers like stillbirth, pneumonia, diarrhea, malaria, measles and tetanus. Cures for those killers — with antibiotics, mosquito nets, rehydration salts, water filters, shots or deworming pills — cost $1 to $10.

Under its Global Health Initiative, the Obama administration has announced plans to shift its focus to mother-and-child health. The AIDS budget was increased only 2 percent.

The British government and the Bill and Melinda Gates Foundation also said they would focus support on mother-child health.

"The political winds have changed," said Sharonann Lynch, chief author of the Médecins Sans Frontières report. "And I don't believe for a minute it's just the economic downturn. I think world leaders feel the heat is off, and they're fatigued."

American taxpayers have been particularly generous to Uganda, paying for 88 percent of its drugs. Ugandans know it.

American officials who spoke on the condition of anonymity confirmed the financing freeze.

"The decision was made late in the Bush administration to cap Uganda at $280 million," one said. "That's an industrial amount of money."

U.S. Embassy officials debated adding $38 million, he said, but cabinet-level Ugandan ministers had been caught stealing from other donors and, though forced to repay the money, were not jailed.

The government "hasn't shown the leadership or commitment to transparency to earn additional funds," [illegible] official added.

Also, he said, Uganda contributes too little. Oil was recently discovered near Lake Albert, and the government promised to spend the royalties on roads and electricity but did not mention AIDS.

"And now the paper says they're buying Russian jets," another official added with obvious disgust. Uganda is negotiating for a squadron of Sukhoi fighter-bombers to cost $300 million.

For doctors on the front line, the frustration is palpable.

Dr. Natasha Astill is a British AIDS specialist working at a hospital on the edges of the Bwindi Impenetrable Forest, in a mountain valley with pygmy settlements close by fancy tourist lodges. It is so remote that the drugs that reached Kampala in 2003 did not get here until 2007.

After a long day in which she and a nurse saw 118 patients, many huddling together in the examining room [illegible] the storm pounding on the tin roof, [illegible] broke down in tears.

All day she told subsistence farmers she could not, for example, treat the white fungal thrush filling their mouths unless they could pay $1 a day — more than they earn.

She can still give free antiretrovirals to a few. While her hospital's American funds are frozen, it still gets some drugs from the Ugandan Ministry of Health and cash gifts from wildlife tourists and the singer Elton John. But soon this hospital, too, will make a waiting list.

"It makes me angry," she said. "It feels horrible. Sometimes you wonder if you're doing people favors. You start them on drugs, you give them hope, and then you're not sure you can keep it up. We all knew these drugs are for life."

The price of spending less

Sources: Results for Development Institute – AIDS2031 Project; Health Global Access Project

ONLINE: AFRICA'S AIDS FIGHT

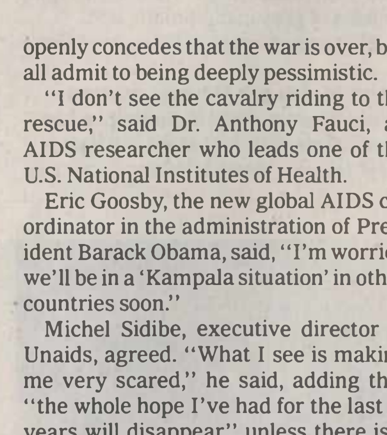
More photographs from Uganda.

A video from the heart of Africa, including an interview with the Stigmaless Band, a singing and dancing group made up of people infected with H.I.V.

Why is it so hard to instill safe sex practices in Uganda? Casual sex is on the rise. Only 30 percent of the people who know they are infected use condoms.

Despite decades of scientific effort, there is still no cure. The virus mutates as fast in a day as a flu virus does in a year.

The head of Unaids estimated that $27 billion would be required this year. The gap between need and what is collected is growing. **global.nytimes.com/africa**



Pills are lifesavers at a Uganda AIDS clinic.

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Threat to Fed's autonomy dwindles, but audit on crisis response likely

WASHINGTON

Bipartisan consensus develops in Senate on monitoring central bank

BY SEWELL CHAN

Th S. Federal Reserve appears to have succeeded in fending off a challenge to the autonomy of its monetary policy decisions, but it is likely to face greater scrutiny of the actions it has taken since 2007 to prevent financial institutions from collapsing.

As part of the Senate's debate on an overhaul of financial regulations, a consensus is shaping up for an amendment that would subject the central bank to additional audits by the Government Accountability Office.

The chief proponent, Senator Bernard Sanders, an independent from Vermont, agreed to insulate the Fed's decision-making on interest rates from official second-guessing. But the Fed would be compelled by Dec. 1 to divulge the names of all the companies that benefited from the emergency lending programs.

The consensus seems to have sufficient bipartisan support to win approval. T White House, the Treasury Depar t and the Fed have signaled that the amendment is acceptable to them.

For the Fed's chairman, Ben S. Bernanke, who had made it a priority to preserve the independence of monetary policy, the latest Senate proposal is a partial victory. But the debate showed that despite Mr. Bernanke's support for greater transparency, the Fed still has a reputation for secrecy.

In speeches on the Senate floor Thursday, lawmakers repeatedly assailed the Fed, while few came to its defense.

"At a time when our entire financial system almost collapsed, we cannot let the Fed operate in secrecy any longer," Mr. Sanders said.

Senator Christopher J. Dodd, a Democrat of Connecticut and the chairman of the Banking Committee, was opposed to Mr. Sanders's initial proposal but has expressed support for the modified version. "When as much American taxpayer money has been exposed as has been, we have the right to know where it is going and who is involved in it," Mr. Dodd said.

While the Fed has long been the target of populist attacks, a number of moderate senators have joined the current criticism.

"During the last two and a half years, the Fed has gone well beyond what was viewed as its historical authority," Senator Charles E. Grassley, Republican of Iowa, said Thursday.

MARY F. CALVERT FOR THE NEW YORK TIMES

Ben S. Bernanke, chairman of the Federal Reserve. Despite his support for greater transparency, the Fed still has a reputation for secrecy.

Senator Byron L. Dorgan, Democrat of North Dakota, said he had sent letters in July and March to Mr. Bernanke, asking basic questions of the lending programs — "What was the result? Who got the money? What were the terms and the conditions?" — without success.

A 1978 law subjected the Fed to regular audits by the accountability office of its operations and management, but exempted monetary policy from the scope of those audits.

The Fed has taken steps toward greater disclosure but is still viewed in much the same light as portrayed in William Greider's 1987 book, "Secrets of the Temple: How the Federal Reserve Runs the Country."

Not until 1994 did the Federal Open Market Committee, the Fed's policy-making arm, promptly announce its decisions after each meeting. Not until 2000 did it agree to make a statement after every meeting, regardless of whether monetary policy had changed.

In 2004, the Fed shortened to three weeks the time between each meeting and the release of minutes summarizing the deliberations, but it still insists on a five-year lag before it releases complete transcripts of the discussions.

Senator Sam Brownback, a Kansas Republican, called that lag "indefensible," saying, "In my judgment, that time limit should be reduced to no more than two years."

J. Virgil Mattingly Jr., the Fed's top lawyer from 1989 to 2004, said the accusation of secrecy had been "a long-standing refrain."

By easing public access to minutes, transcripts and committee decisions, he said, Alan Greenspan, the Fed's chairman from 1987 to 2006, reduced "the aura of secrecy around the bank."

"I think Chairman Bernanke has followed along and made further improvements," he said. "The improvements in disclosure have gone beyond what they are required to do by law."

But the Fed and its powerful New York arm have so far largely resisted the additional disclosures that the Sanders amendment seeks.

In 2008, Bloomberg News sued the Fed under the Freedom of Information Act, seeking to compel the central bank to disclose the names of the companies that benefit from the emergency lending programs. (Several news organizations have filed briefs in support of Bloomberg. The New York Times, of which the International Herald Tribune is the global edition, has filed a similar suit.)

A U.S. judge ruled in Bloomberg's favor last November, and a three-member panel of appellate judges upheld that ruling in March. But last week, the Fed asked the full U.S. Court of Appeals for the Second Circuit to take up the case.

Robert E. Mannion, a former deputy general counsel for the Fed, said that it had "essentially stonewalled" and that greater disclosure about the lending programs was warranted.

David M. Herszenhorn contributed reporting.

U.S. banks focus attacks on derivatives trading ban

WASHINGTON

They argue the proposal will only push the market to foreign competitors

BY BINYAMIN APPELBAUM AND ERIC LICHTBLAU

Cory Strupp, who represents Wall Street in Washington, spent the past six months lobbying for more than two dozen changes in the derivatives chapter of the Senate's financial legislation.

He has spent the past two weeks fo-cused on one: eliminating a provision hat would require banks to leave the lu-crative business of derivatives trading.

Democrats surprised the industry by dding the "push-out" provision in mid-April, transforming the final rounds of an pic prize fight. The industry has had to et aside the issues that were its greatest oncerns, including its opposition to a re-quirement that almost all derivatives rades be recorded on public exchanges.

Mr. Strupp, who works for the Securi-ies Industry and Financial Markets As-ociation, a Wall Street trade group in Vashington, said that he generally had nly 30 minutes to try to sway a senator r aides. He said he now used almost the ntire time to argue that banks should etain the right to trade derivatives.

The five largest U.S. banks, which

CHARLES DHARAPAK/AP

lanche Lincoln's provision shocked banks.

ominate the derivatives business, ave dispatched trade groups, lobbyists nd their own executives to convince nators that excluding banks from the rivatives business would make mar-ts less safe by shifting the trading to eign banks and other institutions t are subject to less U.S. government rsight.

he provision that would prohibit ks from trading derivatives has ned the industry because it strikes combination of commercial bank-d Wall Street trading that defines dern industry.

ne count, the five banks together ustered more than 130 registered , including 40 former Senate nbers and one retired senator, . In the first quarter, the banks million on lobbying.

and congressional aides say on is likely to be weakened or part because the administra-esident Barack Obama and nocrats are concerned that it nish oversight of the derivat-tplace. But the bankers and gree that the focus on derivat-eased the chances that other al proposals will pass, includ- proprietary trading, or trad-s in their own accounts.

xygen has been burned here bout where we are on deriv-d Rob Nichols, president of al Services Forum, a trade g group for 19 of the largest al institutions.

es are contracts whose value ned by something else. Trad-rivatives is dominated by the est U.S. banks: JPMorgan ldman Sachs, Bank of America, and Wells Fargo. Most deals are done in private, making it difficult to compare prices or identify problems.

The financial legislation proposed by the Obama administration and passed by the House of Representatives would require most derivatives to be traded on public exchanges, in the belief that a transparent marketplace would be safer and less expensive. The scope of the exchange trading requirement has been the focus of the debate for months. Opponents argue that the bill would limit the industry's ability to customize derivatives to match the needs of clients.

Then the chairwoman of the Agriculture Committee, Senator Blanche Lincoln, Democrat of Arkansas, dropped a bombshell in April, introducing language that would require banks to choose between trading in derivatives and remaining under government protection.

The government's umbrella, including deposit insurance, allows banks to raise money at lower cost than other financial institutions. Mrs. Lincoln said the bill would help to ensure that banks use that affordable money for traditional activities like lending.

The financial industry says that derivatives are a valuable product used by more than 95 percent of Fortune 1000 companies to hedge against risks, including price changes.

The change could cost the industry a lot of money. Banks reported $22.6 billion in derivatives revenue in 2009, according to the Office of the Comptroller of the Currency.

Banking executives were caught flat-footed by Mrs. Lincoln's provision, and many are still seething. One senior executive at a major financial institution, speaking on condition of anonymity so he could talk frankly, said that the idea was "irresponsible" and that the details revealed a basic ignorance about the financial industry.

The executive, who said he had spoken with several senators in recent days, said the industry now was simply trying to get a hearing. "We're on the outside, knocking on the window and saying, 'Hey, listen to us just a little bit,'" the executive said.

The Senate has proved to be a difficult audience. When Senator Christopher J. Dodd, Democrat of Connecticut, released a draft of the legislation in November, Mr. Strupp and his clients drew up a list of roughly 30 problems that the industry had with the proposals. About two dozen of those provisions are still in the bill.

But the industry has gained important allies in its opposition to the Lincoln provisions. Timothy F. Geithner, the Treasury secretary, has expressed concern about the effect on regulation of derivatives trading. And on Thursday, Paul A. Volcker, the former Federal Reserve chairman, said in a letter to crucial senators that the proposed ban on proprietary trading, which the administration has called the Volcker rule, was sufficient to address the most worrisome kinds of derivatives trading.

"The provision of derivatives by commercial banks to their customers in the usual course of a banking relationship should not be prohibited," Mr. Volcker wrote.

Opponents of the Lincoln provisions still must persuade senators to vote for a change that could be portrayed as softening the financial legislation. Only Republicans have expressed public opposition. Senator Judd Gregg of New Hampshire, with Senator Bob Corker of Tennessee and Senator Saxby Chambliss of Georgia, introduced an amendment Friday to remove the Lincoln language from the bill.

The challenge, said one lobbyist, is that senators may not support Mrs. Lincoln's language, but they have political problems with opposing it because of the public's anger at Wall Street.

Uncertainty leads Bank of England to hold rates

LONDON

Turmoil in debt markets and election results fuel concerns about recovery

BY JULIA WERDIGIER AND MATTHEW SALTMARSH

The Bank of England decided on Monday to hold steady on monetary policy after last week's general election failed to give any party a governing majority and amid the recent turmoil in European debt markets.

The central bank left its benchmark interest rate at 0.5 percent, where it has been since March 2009. The bank also decided to leave unchanged its program of buying government bonds and other assets to revive the economy. That program currently stands at £200 billion, or about $300 billion.

''Today's decision was entirely appropriate,'' said Philip Shaw at Investec Securities in London. ''The current recovery does not appear to have enough 'legs' to sustain itself without ultralow rates for the time being, while uncertainties over the path of U.K. fiscal policy, plus the recent round of market pressures related to the Greek crisis also reinforce a stance of wait and see.''

In a brief statement accompanying the decision, the bank provided no further comment on its policies or the economy. The bank will release its quarterly inflation report Wednesday

Leaders of Britain's three largest political parties met over the weekend and again Monday to discuss the possibility of forming a coalition government.

"The current recovery does not appear to have enough 'legs' to sustain itself without ultralow rates for the time being."

Nick Clegg, the leader of the third-largest party, the Liberal Democrats, on Monday urged voters to ''bear with us a little longer.''

Party leaders are ''working together round the clock to try and act on the decision the British people made'' in the election Thursday, The Associated Press reported Mr. Clegg as saying. ''Better to get the decision right rather than rushing into something which won't stand the test of time.''

The Liberals have been described as ''king makers'' because their support could help either the party that won the largest number of seats, the Conservatives, or the second-place finisher, Labour, form a government.

The Bank of England had delayed its decision on monetary policy from last week to await the election outcome.

The uncertain political situation at a time when many investors and rating agencies are looking for a clear plan to tackle the country's record budget deficit weighed on the pound and the stock market last week.

But British stocks rallied Monday after an accord reached in the early hours of the day among European finance ministers and the International Monetary Fund, and the intervention in the bond markets by euro-area central banks.

The FTSE 100 closed up 4.4 percent and the pound rose to $1.4976 from $1.4804 on late Friday. But the yield on the 10-year British government bond also rose amid continued worries about the ability of a British coalition to rein in the budget deficit.

Some economists voiced concern that even if two parties agreed on a coalition, it would be weak and the chances of a new election high. It is the first time since 1974 that no single party had won enough seats in Parliament to govern alone.

''Speed is of the essence,'' analysts at Deutsche Bank wrote in a research note. ''The market dynamics currently playing out in Europe highlight the risk of political posturing, and rating agencies have been quick to react to signs of weak political resolve.''

A relatively weak pound had helped Britain's exports and its economy to return to growth but the recovery remains fragile. Gross domestic product grew 0.2 percent in the first quarter even though some economists said that figure would be corrected upwards in the next three months.

There were some encouraging signs from the construction industry as demand for homes and commercial property rose in March. Unemployment fell more than economists expected in March.

But a weaker pound also stoked inflation while consumers continued to hold back on spending. The service industry in Britain also took a hit last month when the eruption of a volcano in Iceland grounded flights.

Roger Bootle, an economic adviser at Deloitte and a former adviser at the British Treasury, said recently that the weakness of the pound looked unlikely to be enough ''to offset a prolonged period of sluggish domestic demand.''

Matthew Saltmarsh reported from Paris.

Rescue by E.U. and I.M.F. eases investors' fears

ECONOMY, FROM PAGE 1

nomics at Credit Suisse, paraphrased Winston Churchill: ''It's not the end, I'm not even sure it's the beginning of the end.'' But, he added, ''it takes us away from the threat of a crisis.''

Jean-Claude Trichet, president of the E.C.B., said the central bank's governing council decided to prop up the bond market and inject cash into the European banking system because ''the channels of normal monetary policy were not functioning.'' Only four days earlier, Mr. Trichet had insisted that the council had not even discussed bond purchases.

The E.C.B. action Monday also included measures, together with the U.S. Federal Reserve and other major central banks, to provide banks with dollars through the use of currency swaps.

The swaps are intended to make it easier for European companies, institutions and governments to borrow dollars when they need them, ''and to prevent the spread of strains to other markets and financial centers,'' the Fed said in a statement from Washington.

The scale of the E.U. rescue program — €750 billion, or $957 billion — recalled the $700 billion package the U.S. government provided to help its ailing financial institutions in late 2008. That package, known as the Troubled Asset Relief Program, or TARP, also cheered markets at the time, but the uplift proved temporary until much later, after the broader economy, and U.S. banks, began to recover.

The E.U. package, reached after hours of meetings that lasted until early Monday, includes €440 billion in loan guarantees and €60 billion under an existing lending program. Elena Salgado, the Spanish finance minister who announced the deal, also said that the International Monetary Fund was prepared to provide up to €250 billion separately.

One major difference between the European bailout and the TARP plan, however, is that Europe is hoping that the fund will not be activated. After the Lehman collapse, there was always a certainty that the TARP would be deployed as soon as it was approved by the U.S. Congress.

Indeed, for all the excitement about the numbers, it is important to remember that the headline €440 billion number does not now exist. It is a commitment by E.U. governments to borrow such an amount if a large economy like Spain, which represents 12 percent of euro-zone gross domestic product, asks for it — and then have the I.M.F. contribute about half of what Europe lends.

PETROS GIANNAKOURIS/THE ASSOCIATED PRESS

An employee in the Greek Parliament carrying copies of proposed pension reforms during a cabinet meeting in Athens on Monday.

By definition, if it came to such a point, interest rates would climb and the billions of euros that the special purpose vehicle would have to raise from the markets would not only come at a high cost, but would increase the debt levels of the likes of Portugal, France, Italy and Britain, thus compounding the region's heavy debt woes.

In the months ahead, investors are likely to closely scrutinize monthly budget figures from European governments, which previously went almost unnoticed.

''You definitely would want to see these additional austerity measures, especially Spain and Portugal,'' said Elga Bartsch, an economist at Morgan Stanley in London. ''They all seem to be moving and getting more serious in addressing the underlying problem.''

On Monday, Mr. Trichet warned European governments, all of whom are likely to miss the budget deficit targets they agreed to when they formed the euro, that they must continue to cut government spending.

''For us what is absolutely decisive is the commitment of governments of the euro area to take all measures needed to meet their fiscal targets this year and in the years ahead,'' Mr. Trichet said at a press conference in Basel, Switzerland.

He declined to say how much money the bank would spend buying government bonds on open markets, via the euro-zone's national central banks — a process that began Monday.

The E.C.B. also said that it would resume offering unlimited cash for up to six months at the benchmark interest rate of 1 percent for banks that post the necessary collateral.

"They all seem to be moving and getting more serious in addressing the underlying problem."

The Bank of Japan joined in the global response, saying after an emergency board meeting Monday that it would pump ¥2 trillion, or $21.6 billion, into financial markets for a second consecutive trading day.

The overall package was much larger than expected, and represented an audacious step for a bloc that had been criticized for acting tentatively, and without unity, in the face of a mounting crisis.

At the same time, the sheer size of the package will strain the unity of Europe's fractious governments, especially when leaders like Nicolas Sarkozy of France or Angela Merkel of Germany are losing ground politically. Ms. Merkel's Christian Democrats lost power in North Rhine-Westphalia, Germany's most populous state, in elections Sunday.

In effect, Germany and other wealthier European countries are assuming responsibility for the creditworthiness of Greece, Portugal and the other debt delinquents, as if the U.S. government were bailing out California.

But the European central government is weak and must invent new structures to administer the promised aid.

''The debt crisis will change the nature of European monetary union,'' Jörg Krämer, chief economist at Commerzbank, argued in a note Monday. ''The euro zone has moved away from a monetary union and towards a transfer union.''

Mr. Krämer warned that the shift ''can undermine political support for the euro zone in the long run. After all, it is unlikely that the countries receiving support will let others permanently dictate their economic policies. Moreover, voters in the countries giving support will not be willing to permanently give financial support to other countries.''

Landon Thomas Jr. reported from London. James Kanter contributed reporting from Brussels, David Jolly from Paris, Sewell Chan from Washington and Bettina Wassener from Hong Kong.

With the clock ticking, E.U. states step up as one to act

UNION, FROM PAGE 1

or a German banker — came the winning idea for a deal. And the big loser was Jean-Claude Trichet, the French mandarin who runs the European Central Bank.

Axel Weber, the president of the Bundesbank who is tipped to succeed Mr. Trichet at the E.C.B., floated the mechanism for Europe-wide loan guarantees that finally won support from a reluctant German government during a midnight call, said participants.

Mr. Trichet, meanwhile, has found himself catching up with events and backtracking repeatedly, a changed man from the confident leader who steered the euro through the 2008 banking crisis.

Perhaps the decisive moment came last Thursday, when Mr. Trichet emerged from an E.C.B. board meeting to announce that not only was the bank taking no radical action to save the plunging euro, but had not even discussed it.

The markets nose dived. Then, hours later, came the terrifying 900-point plunge on Wall Street. The two falls were unrelated, as far as anyone knows. But, together, they created a psychological effect.

By Friday evening, the 16 leaders of the euro zone states had gathered in Brussels to sign off on a $140 billion rescue package for Greece. It had already caused riots that killed three Greek bank employees; there was little left of the pride accompanying the proclamation of the initial deal on May 2.

In fact, Mr. Trichet had been in conversations throughout last week with Ben S. Bernanke, the chairman of the Federal Reserve.

On Friday evening, Mr. Bernanke flew to Columbia, South Carolina, where, after delivering a speech on Saturday, he returned to his hotel and spoke again with Mr. Trichet, who formally requested the Fed's participation in a currency swap. That evening, Mr. Bernanke called a special meeting of the Federal Open Market Committee, the Fed's policy making arm.

The committee met by teleconference on Sunday morning and formally approved the swap lines. The Fed prepared a statement that was released to the public at 9:15 p.m. Sunday in Washington.

"Now Europe is finally getting noticed."

According to officials familiar with the discussions, finance ministers and central bank governors had been busy conferring on Saturday in Europe. At the same time, in Washington, the United States Treasury secretary, Timothy F. Geitner, made it clear that the amounts under discussion were not sufficient to calm the markets.

Thus Europe's leaders arrived in Brussels on Sunday with broad agreement on the need for a fiscal contribution from the E.U. budget and on a financial stabilization mechanism, but the amounts were still under discussion. By several accounts in Europe, the €500 billion figure first came into view on Sunday afternoon, when Mr. Sarkozy called Mrs. Merkel after each had spoken with President Obama.

Then, how was that huge sum to be raised with the agreement of the politicians who wanted to keep control of their hastily devised rescue?

At a quarter to midnight, according to one participant in the talks, a French official sent a text message to Paris for Mr. Sarkozy, saying: ''The deal is exploding.'' Throughout, officials said, Germany was still insisting on a solution that involved bilateral loans from EU member states, similar to the Greek bailout solution agreed a week earlier.

During the early portion of the 11-hour meeting of finance ministers, the British and the Dutch were among the most vocal about the European Commission's proposal to raise money on capital markets guaranteed by member states.

Officials from those two countries said the proposal was tantamount to giving a "blank check" to the commission, according to an E.U. diplomat who spoke on condition of anonymity.

By 11 p.m., discussions were becoming "a bit messy and chaotic," said the diplomat. Some officials were starting to push for communication with the outside world, before markets began trading on Monday morning in Asia.

The French finance minister Christine Lagarde, argued in favor of waiting for the Tokyo market opening at 1 a.m., in order not to rush and to create the most credible deal.

GEORGES GOBET/AGENCE FRANCE-PRESSE

Jörg Asmussen, the German finance secretary, and the French finance minister, Christine Lagarde, helped pull together the package, which has bolstered the sagging euro.

To break the French-German deadlock, according to this diplomat, it was the Dutch finance minister, Jan Kees de Jager, put forward the idea of wrapping up the guarantees in a "special purpose vehicle" that would then raise money, mostly in the form of loans, from the capital markets.

José Manuel Barroso, the president of the European Commission, said Monday that agreement finally came at 2:15 a.m. Germany, he acknowledged, was among the countries that had balked to the last at deciding on a permanent rescue mechanism.

So now Europe, and the wo[...] can only hope that the sheer size of t[...] package and scope of the Brussels marathon will calm markets and bolster the euro.

''Now Europe is finally getting noticed,'' noted one French official late Monday. ''I just wish it was under different circumstances.''

James Kanter reported from Brussels. Reporting was contributed by Sewell Chan and Brian Knowlton in Washington and Judy Dempsey in Berlin.

Lenders resist euphoria over rescue

PARIS

Confidence still fragile as central bank hears of concern on default issues

BY DAVID JOLLY

The European Union's big rescue package for the euro sent battered bank shares in Europe soaring on Monday. But there was much less of an effect on the rates at which banks lend to one another in the money markets — a sign that confidence in the financial sector remained fragile.

Interbank rates remain low compared with the carnage of autumn 2008, when markets nearly ground to a halt after Lehman Brothers collapsed. Central banks eventually restored confidence and brought rates to heel by flooding the market with liquidity and by purchasing asset-backed securities for which private-sector buyers had largely disappeared.

But they had started to rise again over the past couple of weeks as banks became nervous about how their counterparties might be affected if, for example, Greece defaulted on its sovereign debt, or Spain or Portugal did. Shares in European banks also have been hammered.

During a conference call with commercial banks Friday, the European Central Bank heard of mounting fears that interbank lending could seize up once again.

On Monday, after news of the E.U. deal, banking shares on the Stoxx Europe 600 index rose 16 percent and a wide range of credit market indicators improved. The cost of insuring corporate loans against default fell sharply and borrowing costs for troubled euro-zone governments tumbled.

But the London interbank offered rate, or Libor, for three-month dollar loans between banks slipped to just 0.421 percent from 0.428 percent Friday, the British Bankers' Association said.

The so-called Ted spread, the gap between yields on three-month U.S. government securities and the rate that banks charge each other for loans of the same duration, eased to 28 basis points from the 31 basis points it reached Friday. Although the Friday peak was the highest since July 2009, it was still far below the 460 basis points it reached in October 2008.

Analysts played down the significance of the stickiness of interbank rates.

''I don't think there are any particular liquidity concerns at this time,'' said Charles Diebel, head of European rate strategy at Nomura International in London. ''We haven't yet seen the swap lines employed yet,'' he added, referring to the decision of the U.S. Federal Reserve, the European Central Bank and other central banks to re-establish temporary dollar liquidity swap facilities.

The Fed said late Sunday in Washington that the currency swaps were meant ''to help improve liquidity conditions in U.S. dollar funding markets and to prevent the spread of strains to other markets and financial centers,''

The three-month Euribor-OIS spread, a measure of how much of a premium investors require for unsecured, versus secured, credit, slipped to 23 basis points from 24 points Friday.

''People may be a little bit cautious about how much liquidity is going to come flooding back into the system,'' Mr. Diebel said. ''When the swap lines are enacted, money market rates will stabilize, but I don't think they'll move back to the lows.''

British Airways cabin crew will strike to protest wage cuts

STRIKE, FROM PAGE 14

revenue.

Tensions between the union and British Airways management had seemed to ease in the weeks following the March walkout, with both sides initially describing negotiations as constructive. But relations abruptly chilled last week after the airline dismissed a long-standing member of its cabin crew who was also a senior union member.

''There can be no industrial peace without meaningful negotiations and while management victimizes trade unionists and uses disciplinary procedures in a witch hunt,'' Unite said.

According to the Civil Aviation Authority in Britain, British Airways cabin crew members are among the highest paid in Britain, earning twice as much, for example, as their counterparts at Virgin Atlantic. Long-haul cabin staff members earn £35,000 to £56,000 a year, depending on rank and experience, while short-haul salaries range from £18,000 to £52,000.

The economic downturn that began in late 2008 has been disastrous for British Airways, which is struggling to adjust to steep declines in revenue from its first-class and business-class service[...] mainstay of its business. The ca[...] duced operating costs by 10.5[...] last year and eliminated arou[...] jobs, roughly 13 percent of its w[...]

Price-fixing case co[...]

The trial of four senior Britis[...] executives accused of fixing [...] Virgin Atlantic Airways co[...] Monday when prosecuting la[...] they would not be offerin[...] dence, news agencies report[...]

Problems with evidence[...] thousands of e-mail message[...] previously overlooked bec[...] were corrupted, resulted in t[...] ing dropped, the prosecuto[...] Latham, said.

The Office of Fair Tradin[...] trust regulator in Britain, h[...] the men of scheming with [...] lantic to fix fuel surcharges o[...] lantic flights from July 200[...] April 2006. The executives h[...] the charges; they each faced a[...] five years in prison if found gui[...]

(BLOOMBERG NEWS, REUTERS)

A big lesson for Beijing in yen policy

Inside the Markets

SIMON RABINOVITCH AND LEIKA KIHARA
REUTERS

BEIJING Beware the ''Japanese disease,'' for its specter haunts China.

Let the renminbi rise too quickly — like the yen's rapid appreciation in the 1980s — and China will hurtle toward the same sort of asset-price boom that ended in a bust and a decade of economic malaise for Japan.

Or so goes a school of thought that is so pervasive in Beijing that it has shaped — some say, distorted — the country's exchange rate policy and will incline the government toward a plodding pace for renminbi appreciation even after it eventually de-pegs the currency from the dollar.

''It is a conspiracy theory,'' said Xu Qiyuan, a researcher at the Chinese Academy of Social Sciences. ''A lot of Chinese people think that the United States forced Japan to appreciate in order to make the economy collapse, and that it is trying to do the same thing to China.''

In the face of a barrage of U.S. criticism, Beijing has held the renminbi at about 6.83 to the dollar for nearly two years as the government tried to cushion its economy from the global financial crisis.

China let the currency climb 21 percent against the dollar from 2005 to 2008, but some American economists contend that it remains as much as 40 percent undervalued given China's bulging current and capital account surpluses.

> **''Japan left the yen undervalued for too long despite its rising economic power.''**

Chinese officials say their ultimate goal is an internationalized renminbi — a free-floating currency that could even rival the dollar. But they envision that happening over the course of decades.

''We maintain that the yuan should not appreciate too much, as we must avoid the problems that confronted Japan after its overly fast appreciation,'' Zhu Baoliang, a researcher with the State Information Center, a government research institution, said last month, using an informal name for the currency.

At the center of this powerful narrative is the Plaza Accord, the pact made in 1985 to devalue the dollar against the yen and the German mark. Over the next two years, the yen climbed about 46 percent against the dollar. Foreign capital flooded into Japan, stock prices soared and a real estate bubble swelled.

The bust at the start of 1990 condemned Japan to a lost decade of economic growth as banks, companies and households all struggled to repair their balance sheets.

To some, the moral is simple enough. ''China must learn from Japan,'' Xinhua, the official news agency, said in its summary of an academic conference in March on overhauling Chinese currency policy. ''It was forced to appreciate the yen, dealing a blow to domestic industries and leading to deflation and more than 10 years of economic depression.''

Parallels between Japan of the 1980s and present-day China are imperfect, but they are strong enough to offer Beijing guidance. Japan was a roaring economy with a large trade surplus, a buoyant property sector and a currency widely seen as undervalued.

But the right lessons to draw might be almost diametrically opposed to the received wisdom in China, Japanese economists say.

''The biggest mistake Japan made was overestimating the harm of a strong yen.'' said Koichi Haji, chief economist at NLI Research Institute in Tokyo. ''It expanded fiscal and monetary stimulus too much to stem yen rises, triggering a bubble and the subsequent economic downturn.''

Hideki Hayashi, global economist at Mizuho Securities in Tokyo, has sympathy for gradual currency appreciation but says Japan's undoing was that it delayed the inevitable.

''Japan left the yen undervalued for too long despite its rising economic power, neglected efforts to spur domestic demand and ended up experiencing rapid yen appreciation,'' he said.

Mr. Xu, at the Chinese Academy of Social Sciences, is part of a small but increasingly vocal group of Chinese economists who are trying to show that there is no causal link between currency appreciation and economic stagnation. In his research, he has cast a wider net, looking not just at the yen's rise in the 1980s, but also its gains from 1969-78, as well as the mark's similar trajectory during both periods.

''Germany did not experience a bubble like Japan or a lost decade,'' Mr. Xu said. ''Monetary policy was excessively loose in Japan. This is what led to an asset bubble.''

Huang Yiping, an economist at Peking University, was even more explicit at a conference last month: ''What we are doing is actually repeating Japan's mistake — refusing to let the currency appreciate and implementing an ultra-loose monetary policy.''

IN THE NEWS * WORLD BUSINESS

WASHINGTON

FANNIE MAE TAKES ANOTHER LOSS AND SEEKS MORE U.S. FUNDS

Fannie Mae, the largest provider of funding for U.S. residential mortgages, on Monday asked the government for an additional $8.4 billion after the company had a $13.1 billion loss in the first quarter.

Including the latest request, Fannie Mae will have received more than $84.6 billion from the government in the past year, and it said it saw no end in sight.

Last week a smaller government-sponsored mortgage finance company, Freddie Mac, said it would need a further $10.6 billion in government funds after losing $8 billion in the first quarter.

The U.S. Treasury took control of the two entities at the height of the financial crisis in 2008, as mortgage losses mounted. They have now drawn $140 billion from the government's unlimited credit line. (REUTERS)

NEW YORK

S.E.C. SAYS MOODY'S MISLED REGULATORS IN 2007 APPLICATION

Shares of Moody's fell sharply Monday after the company said its ratings unit could be sued by the U.S. Securities and Exchange Commission.

The so-called Wells Notice of possible enforcement action by the S.E.C. adds to the regulatory scrutiny Moody's and Standard & Poor's face after criticism that they failed to spot the problems that led to the global financial crisis.

According to a filing made late Friday, the S.E.C. has alleged the company misled regulators in its 2007 application to remain a nationally recognized rating agency. The company said it had filed a response with the S.E.C., defending its application as accurate. (REUTERS)

BRUSSELS

E.U. LEGISLATORS RESCHEDULE VOTE ON NEW HEDGE-FUND REGULATIONS

European Union lawmakers on Monday postponed a vote on hedge-fund legislation that would have stopped E.U. investors from sending money to funds based in off-shore tax havens.

Sharon Bowles, chairwoman of the European Parliament's Economic and Monetary Affairs Committee, said a vote on the proposal was now set for May 17.

The Group of 20 countries last year agreed to tighter oversight of hedge funds, but the U.S. and British governments and business groups have challenged the proposed E.U. rules. They say the regulations could hurt companies owned by private-equity firms and restrict funds' use of debt. (BLOOMBERG)

JENS BUETTNER/EUROPEAN PRESSPHOTO AGENCY

Full speed ahead The Stena Hollandica, billed as the world's largest freight and passenger ferry, left the shipyard in Wismar, Germany, on Monday. The 240-meter ship will sail between Hoek van Holland, Netherlands, and Harwich, Britain.

GENEVA

E.U. LAUNCHES A FRESH SALVO IN TRADE BATTLE WITH CHINA

The European Union filed a complaint at the World Trade Organization against Chinese anti-dumping duties on some iron or steel fasteners, the bloc's fourth case against Beijing.

The complaint concerns provisional levies China has imposed since Dec. 28 that affect annual trade worth €140 million, or $182 million, the European Commission said Monday. China has until June 29 to decide whether to impose definitive duties.

The Chinese Commerce Ministry said a preliminary ruling found that dumping by E.U. companies had caused ''material damage'' to the domestic fastener industry. A spokesman for the E.U. trade commissioner, Karel De Gucht, said the duties were ''unfounded and undermine the legitimate interests of E.U. companies.'' (BLOOMBERG)

LONDON

R.B.S. PLANS MORE JOB CUTS AS IT PREPARES TO SPIN OFF UNITS

Royal Bank of Scotland said Monday that it was cutting 2,600 jobs in its insurance and British consumer banking operations, adding to the 20,000 layoffs it has made since the start of the financial crisis.

R.B.S. said it would cut 2,000 jobs in its insurance operation. The European Commission is requiring R.B.S. to sell the business by 2012 as the price of taking taxpayer bailouts that have left the British government with an 83 percent stake in the bank. The layoffs are part of cost-cutting to position the unit for a sale or spinoff through a public offering.

R.B.S. said it was also cutting 600 jobs from its consumer banking head office. The bank is selling 318 branches to satisfy the commission. (REUTERS)

BUCHAREST

OFFICIALS SAY ROMANIAN GANG DEFRAUDED U.S. BANK CLIENTS

Prosecutors say they are investigating a fraud operation that reaped $1 million from Americans by cloning the Web sites of U.S. banks.

Organized crime prosecutors in Romania said 25 people were questioned and more than 30 houses were searched Monday in an operation supported by information provided by the U.S. Secret Service. Officials said the group redirected bank customers to duplicates of banking Web sites they had constructed, where the clients were duped into submitting private information. (AP)

LONDON

TWEET IN HASTE, REPENT AT LEISURE

A 26-year-old British man was fined £1,000 on Monday for sending a Twitter message saying that he would blow up an airport if his flight were delayed.

Paul Chambers insisted the post was a joke, but a judge found him guilty of sending an offensive, indecent, obscene or menacing message over a public telecommunications network and fined him the equivalent of $1,500.

Mr. Chambers was arrested in January after he tweeted that he would blow Robin Hood Airport ''sky high'' if his flight was delayed. The airport, near Doncaster, had been closed by snow. (AP)

European debt measures spark worldwide rally

Market Roundup

BY CHRISTINE HAUSER AND DAVID JOLLY

NEW YORK After weeks of uncertainty over the Greek debt crisis, investors got some clarity Monday and equity markets soared in Europe and on Wall Street.

In Spain, one of the euro-zone countries considered to be at risk if the debt crisis spreads, the benchmark IBEX index climbed 14.4 percent to close at 10,351.90 points. In neighboring Portugal, another focus of concern, the PSI general index jumped 10.6 percent to 2,574.92. And in Greece, where the crisis originated, the Athex composite index leaped 9.1 percent to 1,779.30.

The Euro Stoxx 50 index of euro-zone blue chips was 10.3 percent higher at the close, finishing at 2,758.89. In London, the FTSE 100 rose 5.2 percent to 5,387.42. In Paris, the CAC 40 climbed 9.7 percent to 3,720.29. In Frankfurt, the DAX advanced 5.3 percent to 6,017.91.

The euphoria spread to Wall Street, where in afternoon trading the Dow Jones industrial average was up 3.4 percent at 10,728.68. The Standard & Poor's 500-stock index was up 3.7 percent at 1,151.56 and the Nasdaq composite was up 4 percent at 2,356.24.

In a bid to reassure the markets, European leaders and major central banks announced an array of emergency lending measures early Monday that were aimed at easing the sovereign debt crisis.

''There is this collective sigh of relief,'' said Alan Gayle, senior investment strategist for RidgeWorth Capital Management. ''There is a clear rally going on in the financials. A lot of the credit risk has been relieved.''

A nearly $1 trillion support package from the European Union and the International Monetary Fund came just ahead of a pledge by the European Central Bank to intervene in bond markets.

For traders, it was a time to reset portfolios and absorb the new measures. Market strategists held conference calls with institutional investors, investment analysts lined up meetings and the financial sector rallied.

But the market is still smarting from the memory of weeks of bad news about the debt crisis, and some investors waited on the sidelines, aware that there were still underlying problems.

''The mood is incredibly positi said Marc Harris, co-head of global research at RBC Capital Markets. ''The agreement basically covers what could potentially be European debt payments for the next couple of the years. But at least for the moment, it puts aside any concerns.''

Wall Street's rally was across the board, led by the banking and industrial sectors. Citigroup was up 4.8 percent at midafternoon and Bank of America was up 5.6 percent.

That paled against the performance by European bank shares. In France, Société Générale soared 24 percent to €40.60 and Crédit Agricole rose 18.7 percent to €10.75. Deutsche Bank gained 9.2 percent to €50.85.

''I would say that the reaction has been one of unwinding trades as the weekend news hit,'' said Tom di Galoma, U.S. head of fixed-income rates trading at Guggenheim Partners. ''We are seeing a tremendous amount of money leave the bond market for stock

As traders returned to riskier investments, gold and bond prices tumbled. Crude oil rose $1.64, to $76.75 a barrel.

The move also took the pressure off the euro, which bounced back from 14-month lows. It jumped above the $1.30 mark for the first time in a week before settling back to $1.2929, from $1.2757 late Friday.

While analysts welcomed the European measures, they retained a critical view. Bruce McCain, the chief investment strategist for Key Private Bank, said the moves ''lengthened the fuse on the bomb,'' but he added: ''The fuse is still burning, unfortunately.''

Asian markets also rose. In Tokyo, the benchmark Nikkei 225 share average rose 1.6 percent, while the Sydney market barometer, the S.&P./ASX 200, rose 2.7 percent. In China, Hong Kong's Hang Seng index gained 2.5 percent, and th Shanghai composite index added 0. percent.

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IN THE BLOGS * GREEN

iPad sees the world, via eBay

Leave it to the early adopters to find a way to get their hands on an iPad even if they live outside the United States, where Apple will not begin selling the tablet computers until the end of May.

Their solution, to avoid going on living without an iPad for even a month longer than Americans? EBay.

EBay has been observing a brisk trade in iPads, with 65 percent of those sold on the site going to buyers outside the United States. International sales spiked in mid-April, when overseas buyers learned that Apple would delay international sales by a month because of unexpectedly high demand in the United States.

Geeks in the United Arab Emirates could not wait to get their hands on the big, smooth touch screen. They paid $537 above the retail price for the iPad, more than anywhere else. Greeks, despite their country's debt crisis and forced austerity measures, were not so austere when it came to the iPad. They were willing to pay $269 above retail.

British tech nerds bought 550 iPads on eBay, more than any other country, though Canada and Australia we close behind.

People in the United Arab Emirat wanted the most high-powered versio snapping up the 64 GB iPads, while th Russians — who bought 215 iPads settled for the 16 GB version.

Some Apple addicts outside th United States will have to search eBa for only a few more weeks. On Frida Apple announced that the iPad would b available on May 28, and for preorder May 10, in Australia, Canada, Franc Germany, Italy, Japan, Spain, Switze land and Britain.

Those in Austria, Belgium, Hon Kong, Ireland, Luxembourg, Mexic the Netherlands, New Zealand an Singapore will have to wait until July.

No word on when other countries wil get the iPad, so if you have an extra on hanging around, there is probably a tec nerd in Dubai, Moscow or Athens read to make you a deal. CLAIRE CAIN MILLER

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Israel joins O.E.C.D. despite Palestinian concerns

JERUSALEM

BY ETHAN BRONNER

The Organization for Economic Cooperation and Development, a 31-country group often referred to as an exclusive club of rich countries, voted unanimously on Monday to admit Israel.

The decision came despite concerns raised by the Palestinian Authority in a last-minute letter to member countries.

Prime Minister Benjamin Netanyahu of Israel called a news conference on Monday to hail the acceptance as a ''seal of approval,'' saying it would ''open doors'' and increase foreign investment.

The Israeli economy was on the verge of collapse in the 1980s, but after a series of difficult market-oriented changes it has grown into a technological powerhouse with an annual per-capita gross domestic product approaching $30,000, not far from Germany's. In a statement issued from its Paris headquarters, the O.E.C.D. said that ''Israel's scientific and technological policies have produced outstanding outcomes on a world scale.''

Estonia and Slovenia were also invited to join the organization Monday.

Earlier this year, the O.E.C.D.'s secretary general, Angel Gurría, was here to discuss several concerns, including alleged bribery in Israel's weapons trade and its large generic drug industry.

Those issues were overcome. But Riad Malki, the foreign minister of the Palestinian Authority, sent a letter Friday to all O.E.C.D. states expressing ''serious reservations'' about Israel's accession.

''Israel has acted in complete disregard of O.E.C.D. values during its decades-long occupation of Palestinian territory,'' said the letter, which was provided by the media office of the Palestinian Authority. It added that Israel's blockade of Gaza denied civilians there ''the basic human dignity of rebuilding their shattered lives after its devastating December 2008 to January offensive.''

The letter also complained about Israel's occupation of East Jerusalem and the West Bank, saying its policies ''frustrate our efforts to build a politically, territorially and economically viable Palestinian state on the 1967 border with East Jerusalem as its capital.''

Top Israeli financial officials, including Stanley Fischer, the governor of the Bank of Israel, gave O.E.C.D. members assurances regarding Israel's economy and economic practices, saying that membership would help the country improve its transparency and market orientation while its technological prowess would be helpful to other members.

World markets Monday, May 10

		Last	Chg	12 mo.%
United States				
U.S.	Dow Jones indus.	10,772.37	+391.94	+28.1
U.S.	S.&P. 500	1,156.03	+45.15	+27.4
U.S.	S.&P. 100	526.38	+19.63	+24.6
U.S.	Nasdaq composite	2,363.75	+98.11	+37.7
U.S.	NYSE composite	7,233.57	+317.39	+24.7
U.S.	Russell 2000	683.53	+30.53	+38.7
The Americas				
Mexico	IPC	32,381.87	+893.05	+37.3
Canada	S.&P./TSX	11,886.84	+194.41	+19.3
Brazil	Bovespa	65,405.36	+2534.48	+30.7
Argent.	Merval	2,310.99	+150.79	+62.3
Chile	Stock Market select	3,844.86	+85.70	+36.6
Europe and Middle East				
Euro zone	DJ Stoxx 50	2,758.89	+258.71	+14.7
Britain	FTSE 100	5,387.42	+264.40	+22.5
Germany	DAX	6,017.91	+302.82	+25.3
France	CAC 40	3,720.29	+327.70	+14.4
Italy	FTSE MIB	20,971.21	+2125.03	+5.8
Spain	IBEX 35	10,351.90	+1305.80	+12.2
Switzerland	SIX	6,481.95	+276.32	+21.7
Sweden	OMX 30	1,005.34	+60.77	+26.9
Russia	RTS	1,365.11	closed	+44.9
Czech Rep.	Prague Stock Exch.	1,232.80	+86.20	+25.5
Israel	TA-25	1,163.74	+35.60	+39.0
Asia				
Japan	Nikkei 225	10,530.70	+166.11	+12.2
H.K.	Hang Seng	20,426.64	+506.35	+18.6
Australia	All Ordinaries	4,622.18	+114.79	+18.2
China	Shanghai composite	2,698.76	closed	+3.9
S. Korea	Kospi	1,677.63	+30.13	+19.7
India	S.&P. CNX Nifty	5,193.60	+175.55	+41.0
Taiwan	Taiex	7,664.73	+97.63	+16.6
Singapore	Straits Times	2,880.48	+59.37	+28.5
Thailand	SET	779.06	+10.51	+47.6
Indonesia	Jakarta composite	2,850.43	+111.09	+55.9

U.S. S.&P. 500

● Monday 1156.03 Chg +45.15

Europe Stoxx 50

● Monday 2758.89 Chg +258.71

Charts show the past 10 days of active trading, with daily highs and lows.

Futures

Agricultural	City	Units	Delivery	Last	Chg
Corn	Chicago	$/bu	May	3.63	-0.02
Cotton	N.Y.	$/lb.	July	0.81	+0.01
Soybeans	Chicago	$/bu	May	9.54	+0.03
Wheat	Chicago	$/bu	May	4.86	-0.14
Rice	Chicago	$/cwt	May	11.76	+0.23
Cocoa	N.Y.	$/ton	May	3,000.00	unch.
Coffee	N.Y.	$/lb.	May	1.34	+0.01
Sugar	N.Y.	cts/lb.	July	14.08	+0.33
Orange juice	N.Y.	cts/lb.	May	138.00	+5.50
Metals, energy					
Aluminum	London	$/m. ton	3 mo.	-	-
Copper	N.Y.	cts/lb.	July	322.15	+7.70
Gold	N.Y.	$/tr.oz.	June	1,200.50	-9.90
Palladium	N.Y.	$/tr.oz.	June	524.70	+14.50
Platinum	N.Y.	$/tr.oz.	July	1,695.90	+30.10
Silver	N.Y.	$/tr.oz.	July	18.56	+0.10
Brent crude	London	$/bbl.	June	79.88	+1.61
Light sw crude	N.Y.	$/bbl.	June	76.39	+1.28
Natural gas	N.Y.	$/mln BTUs	3 mo.	4.21	+0.20

Interest rates

10-year govt.	Ask yield	Chg	12 mo. ago
Britain	3.976%	+0.158	3.671%
France	3.210	+0.073	3.756
Germany	2.951	+0.169	3.370
Japan	1.298	+0.022	n.a.
United States	3.546	+0.137	3.338
1-year gov't	**Ask yield**	**Chg**	
Britain	0.633%	+0.079	0.717%
France	0.342	+0.002	0.801
Germany	n.a.	n.a.	n.a.
Japan	0.125	+0.003	n.a.
United States	0.398	+0.036	0.522
3-month gov't	**Ask yield**	**Chg**	
Britain	0.538%	-0.002	0.610%
France	0.191	unch.	0.638
Germany	0.055	-0.007	0.578
Japan	0.116	unch.	n.a.
United States	0.150	+0.025	0.185
3-month interbank	**Last**	**Chg**	
Can. dollar Libor	0.502%	+0.007	0.800%
Dollar Libor	0.421	-0.007	0.956
Euribor	0.682	unch.	1.327
Sterling Libor	0.698	+0.001	1.428
Yen Libor	0.244	unch.	0.541
Benchmark rates	**Last**	**Latest chg**	
Britain (bank)	0.50%	-0.50 (Mar. 5)	0.50%
Canada (overnight)	0.25	-0.25 (Apr. 21)	0.25
Euro zone (refinancing)	1.00	-0.25 (May. 12)	1.25
Japanese (overnight)	0.10	-0.20 (Dec. 22)	0.10
United States (prime)	3.25	-0.75 (Dec. 16)	3.25

Euro in dollars

● Monday 1.282 Chg +0.006

Dollar in yen

● Monday 93.280 Chg +1.720

Charts show the past 10 days of active trading, with daily highs and lows.

Cross rates

	$1	€1	£1	¥100	One ruble	One Swiss franc	One Can. doll.
Australia	1.111	1.423	1.650	1.190	0.037	1.001	1.082
Brazil	1.780	2.282	2.646	1.907	0.060	1.605	1.735
Britain	0.673	0.862	-	0.721	0.022	0.606	0.656
Canada	1.025	1.315	1.524	1.099	0.337	0.924	-
China	6.826	8.751	10.146	7.316	0.222	6.156	6.655
Denmark	5.806	7.440	8.628	6.221	0.191	5.232	5.659
Euro zone	0.780	-	1.159	0.836	0.026	0.703	0.761
India	44.760	57.509	66.677	48.076	1.473	40.461	43.634
Japan	93.280	119.56	138.61	-	3.070	84.080	90.930
Mexico	12.518	16.047	18.605	13.400	0.435	11.288	12.203
Russia	30.384	38.952	45.159	32.600	-	27.400	29.620
Singapore	1.381	1.770	2.052	1.479	0.046	1.245	1.346
S. Africa	7.489	9.589	11.118	8.000	0.248	6.745	7.292
S. Korea	1131.80	1450.97	1682.19	1212.80	37.242	1020.65	1103.12
Sweden	7.520	9.638	11.178	8.053	0.247	6.781	7.330
Switzerland	1.109	1.422	1.648	1.188	0.036	-	1.081
Taiwan	31.560	40.420	46.908	33.800	1.040	28.439	30.737
U.S.	-	1.282	1.486	1.072	0.033	0.902	0.976

Exchange rates

Major currencies	$1	Chg	€1	Chg	£1
Euro	0.780	-0.004	-	-	1.159
Dollar	-	-	1.282	0.006	1.486
Pound	0.673	-0.003	0.862	unch.	-
Swiss franc	1.109	0.002	1.422	0.009	1.648
Yen	93.280	1.720	119.56	2.740	138.61
Europe					
Czech koruna	19.929	-0.121	25.549	-0.035	29.614
Danish krona	5.806	-0.019	7.440	0.008	8.628
Hungarian forint	212.82	-5.640	272.84	-5.920	316.25
Norwegian krone	6.143	-0.074	7.875	-0.058	9.128
Polish zloty	3.133	-0.089	4.017	-0.095	4.656
Russian ruble	30.384	-0.085	38.952	0.076	45.159
Swedish krona	7.520	-0.112	9.638	-0.100	11.178
Americas					
Argentine peso	3.891	0.001	4.988	0.025	5.782
Brazilian real	1.780	-0.057	2.282	-0.061	2.646
Canadian dollar	1.025	-0.017	1.315	-0.015	1.524
Chilean peso	527.80	-5.000	676.64	-3.213	784.31
Mexican peso	12.518	-0.341	16.047	-0.376	18.60
Venezuelan bolivar	4.289	unch.	5.498	0.026	6.37
Asia					
Australian dollar	1.111	-0.015	1.423	-0.013	1.6
Chinese renminbi	6.826	0.001	8.751	0.042	10
Hong Kong dollar	7.781	-0.001	9.975	0.045	11
Indian rupee	44.760	-0.790	57.509	-0.513	6
Indonesian rupiah	9070.00	-115.000	11627.7	-92.320	
Malaysian ringgit	3.198	-0.070	4.100	-0.070	
Philippine peso	44.990	-0.610	57.677	-0.508	
Singapore dollar	1.381	-0.015	1.770	-0.011	
South Korean won	1131.80	-23.500	1450.97	-23.080	
Taiwan dollar	31.560	-0.205	40.420	-0.120	
Thai baht	32.260	unch.	41.357	0.194	
Middle East and Africa					
Egyptian pound	5.594	-0.003	7.172	0.03	
Israeli shekel	3.743	-0.037	4.799	-0.02	
Saudi riyal	3.750	unch.	4.808	0.0	
South African rand	7.489	-0.147	9.589	-0.1	
Turkish new lira	1.524	-0.032	1.954	-0.0	

Data are at 1700 U.T.C. Prices are in local currency ... plotted so that percentage changes are comparable. Infographics production: Custom Flow Solutions. Source: Thomson Reuters

World 100

The companies with the largest market capitalization, listed alphabetically by region. Prices shown are for regular trading. ▲ or ● indicates stocks that reached a new 52-week high or low.

Company U.S.	Last	Chg	12 mo.%	52-wk Low	52-wk High
Abbott Laborat	49.44	+0.72	+10.8	41.52	56.24
Amgen	55.66	+1.20	+18.2	47.08	64.41
Apple	253.4	+17.5	+96.3	119.5	270.8
AT&T	25.67	+0.57	+8.9	23.38	28.58
Bank of America	17.25	+1.07	+27.7	8.70	19.48
Berkshire Hath	116,600	+5100	+23.5	85,125	125,000
Bristol-Myers Sq	24.22	-0.12	+21.6	19.20	27.00
Chevron	79.56	+2.46	+17.0	61.40	82.83
Cisco Systems	26.22	+1.51	+38.4	17.90	27.57
Citigroup	4.24	+0.24	+11.4	2.59	5.23
Coca-Cola	53.94	+1.27	+26.0	42.47	59.11
Comcast	18.07	-0.30	+15.1	13.26	20.39
ConocoPhillips	56.44	+1.76	+29.0	39.44	59.70
CVS	35.98	+1.10	+13.1	28.87	38.01
Exxon Mobil	64.99	+1.29	-5.7	63.70	76.47
General Electric	18.10	+1.22	+29.7	10.71	19.50
Gilead Sciences	38.25	-0.12	-15.8	38.37	49.81
Google	518.8	+25.6	+30.8	387.5	626.8
Hewlett Packard	49.40	+2.67	+43.1	34.14	54.52
IBM	126.1	+4.0	+22.9	100.2	134.1
Intel	22.32	+1.01	+41.5	15.05	24.27
J&J	64.26	+0.95	+17.1	52.36	66.03

Company U.S. (cont.)	Last	Chg	12 mo.%	52-wk Low	52-wk High
JPMorgan Chase	42.26	+1.50	+19.9	32.27	47.81
McDonald's	70.76	+2.75	+27.5	52.40	71.52
Merck	34.36	+0.87	+36.3	24.24	41.03
Microsoft	29.01	+0.80	+50.2	19.32	31.39
Monsanto	59.36	+0.27	-31.3	58.87	91.83
Occidental Petrol	83.78	+3.18	+34.1	56.29	89.93
Oracle	24.32	+0.91	+32.0	18.07	26.48
Pepsico	66.36	+1.79	+34.1	49.10	66.86
Pfizer	16.98	+0.52	+20.0	13.36	20.00
Philip Morris	48.39	+1.97	+18.4	36.20	52.95
P&G	62.31	+0.00	+21.4	49.44	64.53
Qualcomm	37.33	+0.83	-11.8	35.56	48.47
Schlumberger	66.28	+3.42	+22.5	48.99	73.15
United Technol	72.76	+3.30	+40.7	48.84	76.93
UPS	67.14	+3.21	+20.3	46.84	70.70
US Bancorp	26.38	+1.23	+34.8	16.59	28.26
Verizon	28.57	+0.38	-4.3	28.01	33.73
Visa	86.92	+4.63	+32.6	55.49	96.59
Wal Mart	52.36	-0.04	+5.0	47.57	55.99
Walt Disney	35.58	+2.47	+42.9	22.90	37.98
Wells Fargo	32.55	+1.77	+31.5	19.61	33.88

Company (Country) The Americas	Last	Chg	12 mo.%	52-wk Low	52-wk High
America Movil (MX)	31.62	+0.75	+33.7	22.62	32.00
Petrobras (BR)	34.39	+0.73	-14.6	33.66	45.10
Vale (BR)	45.10	+1.95	+40.6	27.75	51.34
Middle East and Africa					
Saudi Basic Ind. (SA)	103.8	+1.8	+73.6	50.5	106.8
Europa					
Allianz (DE)	83.03	+6.36	+15.4	62.21	95.43
AstraZeneca (GB)	2,850	+78	+19.0	2,325	3,127
AXA (FR)	14.40	+2.58	+14.5	11.76	19.72
Banco Santander (ES)	9.50	+1.79	+35.3	6.81	12.59
BBVA (ES)	9.80	+1.77	+13.6	8.03	13.17
BG Group (GB)	1,069	+52	-4.0	984	1,233
BHP Billiton (GB)	1,991	+126	+31.6	1,286	2,334
BNP Paribas (FR)	53.11	+9.18	+18.0	40.25	59.60
BP (GB)	548.4	-5.5	+7.8	461.5	656.2
Brit. Amer. Tob. (GB)	2,053	+48	+25.0	1,583	2,327
Deutsche Tele. (DE)	8.80	+0.25	+8.0	7.92	10.60
E.ON (DE)	25.32	+0.66	+6.4	22.68	29.93
EDF (FR)	38.19	+0.90	+7.2	30.83	42.14
ENI (IT)	16.43	+1.12	-1.5	15.31	18.56
France Telecom (FR)	16.15	+1.01	-4.0	15.14	18.69

Company (Country) Europa (cont.)	Last	Chg	12 mo.%	52-wk Low	52-wk High
GDF Suez (FR)	25.86	+1.78	-1.7	23.80	31.26
GlaxoSmithKline (GB)	1,157	+8	+13.9	1,018	1,340
HSBC (GB)	669.0	+39.4	+20.5	482.0	761.2
L'Oreal (FR)	76.78	+5.41	+36.0	51.18	83.16
Nestle (CH)	51.50	+1.30	+31.2	37.36	54.30
Nokia (FI)	8.80	+0.45	-18.4	8.35	11.70
Novartis (CH)	52.85	+1.90	+24.7	42.00	58.40
Roche Holding (CH)	165.0	+2.9	+15.3	140.4	186.0
Roy. Bk of Scot (GB)	51.26	+5.76	+23.2	28.31	57.75
Roy. Dutch Shell (GB)	1,884	+51	+18.5	1,439	2,055
RWE (DE)	59.58	+1.41	+5.4	52.81	68.96
Sanofi-Aventis (FR)	51.62	+3.12	+17.8	42.00	57.69
Siemens (DE)	73.50	+5.25	+43.7	46.00	76.93
StatoilHydro (NO)	139.0	+4.8	+1.8	119.4	149.2
Telefonica (ES)	17.20	+1.84	+13.5	14.41	19.82
Total (FR)	40.23	+2.86	+0.3	35.98	46.26
Unilever (GB)	1,906	+62	+32.1	1,301	2,015
Unilever (NL)	22.80	+1.20	+35.0	15.02	23.37
Vodafone (GB)	138.8	+5.6	+14.3	112.2	158.8
Volkswagen (DE)	67.73	+2.73	-70.5	62.30	261.46

Company (Country) Asia	Last	Chg	12 mo.%	52-wk Low
Bank of China (CN)	3.99	closed	+30.8	2
BHP Billiton (AU)	39.00	+1.50	+9.3	
CCB (HK)	6.39	+0.11	+27.8	4
China Life (CN)	34.75	closed	+27.9	
China Mobile (HK)	78.10	+1.75	+2.6	6
China Shenhua (HK)	32.35	+1.35	+30.7	2
Gazprom (RU)	155.0	closed	+59.2	
ICBC (CN)	4.43	closed	+3.5	4
Mitsub. UFJ (JP)	468.0	+8.0	+4.1	44
Nintendo (JP)	28,630	+830	+6.7	20,3
NTT (JP)	3,730	+40	unch.	3,5
NTT DoCoMo (JP)	142,200	-300	+4.3	128,2
PetroChina (HK)	8.92	+0.25	+1.9	6
Samsung Elec. (KR)	803,000	+9000	+41.9	535,0
Sinopec Corp (HK)	6.04	+0.18	-4.0	5
Tokyo Elec. Pwr (JP)	2,346	+22	-0.2	2,0
Toyota Motor (JP)	3,520	+40	-12.9	3,2