DJIA 10663.99 ▲ 0.43% | Nasdaq 2312.41 ▼ 0.21% | DJ Stoxx 258.81 ▼ 0.13% | FTSE 100 5538.07 ▲ 0.07% | DAX 6040.50 ▲ 0.05% | CAC 40 4043.09 ▼ 0.05% | Euro 1.4547 ▲ 1.54% | Pound 1.6173 ▲ 1.30%

Why U.S. can't stop $3 trillion bank operation from growing
THE BIG READ 16-17

Heineken reaches Mexico with massive Femsa deal
BUSINESS & FINANCE 19

THE WALL STREET JOURNAL.

VOL. XXVII NO. 240 | EUROPE | Tuesday, January 12, 2010

DOWJONES A News Corporation Company | europe.WSJ.com

Berlusconi bounces back after Milan attack

Agence France-Presse/Getty Images

Silvio Berlusconi arrived at his Rome residence Monday after a month-long recovery from an attack that broke the Italian premier's nose. He pointed out that there was hardly any scar visible.

U.S. weighs fees on rescued banks

By Deborah Solomon And Damian Paletta

WASHINGTON — The Obama administration is considering levying a fee on banks, which would recoup taxpayer funds spent to rescue the financial sector and auto companies, according to administration officials.

The proposal is still under discussion and no final decision has been made as to what form it might take. The concept is expected to be included in next month's budget, even without specific details, and as such could also be presented as a way to reduce the U.S.'s large deficit.

One option discussed involves placing a fee on a bank's liabilities, a number that theoretically represents the amount of risk a bank takes on, according to officials familiar with the matter. Another would be putting the fee on bank's profits, as an approximation of their success and ability to absorb such a fee, these people said. The fee, which would require congressional approval, could be designed to avoid hitting certain parts of the financial industry, such as community banks, although no decision has been made on that front.

The administration has been talking for months about recouping government funds likely lost through the $700 billion Troubled Asset Relief Program. It hasn't publicly articulated how that would work. The loss number is continually in flux. One current Treasury estimate, likely on the high side, is $120 billion.

The fee, if it comes to fruition, could hit big banks that have already repaid their TARP funds, with interest, to compensate for losses in other areas, such as loans to Detroit's auto makers and funds used to prop up **American International Group** Inc.

Public ire about the bonuses remains strong and Congress has struggled to develop a way to respond that tamps rather than stokes that anger. Last year, lawmakers had to back down from proposals to tax bonuses following the bonus furor concerning AIG.

New York Attorney General Andrew Cuomo said Monday that his office has requested information from the U.S.'s largest banks and Wall Street firms on their compensation and bonus plans for fiscal year 2009.

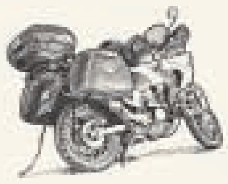
House Financial Services Committee Chairman Barney Frank (D., Mass.) said legislation that created TARP mandated repayment by 2013. That date was chosen to spill into the next presidential administration and to take some of the politics out of repayment, he said. But since the program is winding down faster than expected, a levy now would be appropriate.

"Given the mood of the country," he said, "it is essential that we do it. That was part of the deal."

Governments around the world are weighing ways to get the financial sector to cover for the costs of last year's bailouts without damaging the industry or driving it to tax-friendlier areas. The office of London's mayor Boris Johnson, issued a statement Sunday saying financial institutions are considering moving staff overseas following a one-time tax on bonuses in the U.K. London's City Hall estimates that up to 9,000 workers could leave the U.K., costing over £1.2 billion ($1.9 billion) in revenue from tax and national-insurance contributions a year. The one-time banker bonus tax is to be paid by banks on the portion of any discretionary bonus awarded above £25,000, which the government has projected would raise at least £500 million.

■ Wall Street might be next in sights of tea-party crowd 10

The Quirk



World Watch

Editorial & Opinion

Afghan attacks kill six soldiers

By Anand Gopal

KABUL—Six foreign soldiers were killed Monday in Afghanistan in a series of separate attacks, marking a bloody start to the new year, military officials said.

The deaths brought the total killed in January to 15—a pace that would make this the deadliest January ever for foreign troops in Afghanistan.

Three U.S. soldiers were killed in a firefight with insurgents in southern Afghanistan. The U.S. military didn't release the names of the soldiers or say in which province the attack took place, citing the need to inform next of kin first. The majority of U.S. forces in the country's south are in the provinces of Helmand and Kandahar.

Separately, two French soldiers were killed in an ambush in Alasay, a dangerous area largely under insurgent control that is north of the capital Kabul, military officials said.

Reuters

U.S. Marines leave their base in southern Afghanistan.

Two French journalists were abducted from the same region nearly two weeks ago and have yet to be recovered.

A roadside bomb killed another soldier in southern Afghanistan Monday, but military officials didn't identify the victim's nationality. American, British, Canadian and Dutch troops make up the majority of the coalition forces in the south.

Last year was the bloodiest year for foreign troops since the war here began—512 soldiers lost their lives, a jump of more than 75% from the year before, according to icasualties.org, a Web site that tracks the fatalities. U.S. officials have warned that with thousands more troops headed to the country, there could be even greater casualty numbers this year.

THE WALL STREET JOURNAL.
£1.50
Bahrain BD 1.50 - Egypt $1.75 (C/V)
Jordan JD 2 - Kuwait KD 1 - Oman OR 2
Qatar QR14 - Saudi Arabia SR 14
02
9 770921 986924

PAGE TWO

Don't begrudge China's exports coup

[Agenda]

By Patience Wheatcroft

Germany has lost its mantle as the world's biggest exporter. A massive 17.7% surge in its overseas sales in December has assured China of that accolade. Inevitably, news of the rapid rebound in China's trade will spur fresh bleating from those who see China's continued insistence on preserving the yuan's peg to the dollar as giving it an unfair advantage.

Such gripes are unlikely to be heard sympathetically in Beijing. Those exports weren't immune when the global downturn first hit. Factories shut and the great migration from the villages to the cities was put into reverse. Then the government began to pump up the economy with a stimulus package set at $586 billion, including a drive to boost lending to industry. That is less than the $787 billion that President Obama has pledged to spend in the U.S. but still a heroic amount for a country that is still generally referred to as an emerging economy.

As it strives to keep growth motoring at the level it needs to feed so many hungry mouths, China will take some persuading of the wisdom of doing anything to make its exports less competitive. A new wave of protectionism in the West would have to be brutal if it were to have any effect on Beijing's attitude toward exchange rates and could actually be counter-productive if the country decided to put up its own barriers to trade. For China remains a highly attractive market for Western businesses in search of growth.

In Basel yesterday, the president of the European Central Bank, Jean-Claude Trichet, strove to hit a positive note, declaring that, "at a global level we are on a recovery mode." But there was unanimity it is the emerging markets that are leading the world out of recession

Associated Press

The opening ceremony of Tesco's supermarket in Shandong province, China.

How cheering then to be Tesco, the British grocery retailer that on Saturday opened its first shopping-center development in China. The seaside town of Qingdao in Shandong Province is the site of the "Lifespace" mall, the first of three such developments that the group will open by the end of next month. Having moved into China in 2004, Tesco now has 72 hypermarkets trading in the country but in the latest development, its own store accounts for only a quarter of the space. Now it has in the pipeline another 20 sites along China's eastern seaboard where it plans similar freehold developments.

Western companies should follow Tesco's lead and take advantage of opportunities in a growing economy

The scope for such ambitious development is important if the company is to be able to continue to generate the growth that has taken it from pretax profits of £750 million ($1.2 billion) for the year 1996-97 to almost £3 billion ($4.8 billion) in 2008-09. The man in charge during that period, Sir Terry Leahy, realized that, although he would expand as far as he could in the U.K., both physically and through growing the product range, he had to look overseas if the momentum was to be maintained.

Eastern Europe was his first stop but then, in 2004, Tesco turned to China and offered customers the "Happy Shopper" hypermarket, a blend of traditional eastern market, where living, breathing, frogs and fish are available for prodding before purchase, and a western-style hypermarket.

Shoppers made the chain welcome, just as they did Tesco's latest venture, when 50,000 customers flocked to the opening day of the new shopping center.

But Tesco wasn't a pioneer. Carrefour, the French multi-national, opened its first store in China in 1995 and now has 156 hypermarkets in the country. The German-listed Metro also has a presence in China, although it has concentrated more on building its business in eastern Europe.

Even during the boom years in the West, ambitious companies saw the wisdom of establishing themselves in emerging markets. Now that the West is set for years of, at best, low growth, the wisdom of that strategy is clear. In Basel, the overwhelming mood was somber. The head of the Financial Stability Board, Italian central banker Mario Draghi, warned that the recovery was fragile and much of it due to the extraordinary monetary and fiscal measures that have been applied.

The West must soon begin to withdraw that stimulus as fears mount over the scale of deficits some countries are accumulating. China is better placed than most by continuing to provide encouragement to its economy and is pledged to maintain throughout this year its moves to bolster domestic consumption.

That is why Tesco and its rival retailers are so keen to expand their presence there. As has become so apparent during the past couple of years, the emerging markets aren't merely emerging but taking over. While much whingeing has gone on, and continues to do so, about global imbalances, those imbalances look set to stay.

More productive than moaning about them is finding a way to share the increasing good fortunes of countries that are enjoying new-found wealth. That may mean employing the determination, diplomacy and time that is necessary to make any inroad into India. Or it may mean taking the bold decision to venture into such resource-rich markets as Kazakhstan and Uzbekhistan, where perhaps corporate governance is emerging rather more slowly than the market.

Emerging markets undoubtedly bring risks. On Thursday, for instance, the case of Yukos Oil against the Russian Federation goes before the Court of Human Rights in Strasbourg. Mikhail Khodorkovsky, the man who used to run the business, won't be appearing since he remains in jail in Siberia. The former management argues that the company was effectively expropriated, robbing thousands of investors.

Some markets clearly bring greater risks than others. The rewards, however, can be high for those brave enough to venture into new territory. And the future for those who don't stray from their home in the West could be very dull indeed.

ONLINE TODAY

Most read in Europe

1. Venezuela Says Its Jets Intercepted U.S. Plane
2. Apple to Ship Tablet in March
3. Nexus One Revives Rivalry Between Apple, Google
4. U.S. Shifts Iran Focus to Support Opposition
5. Undressing the Terror Threat

Most emailed in Europe

1. Undressing the Terror Threat
2. Syria Woos Wall Street
3. Opinion Europe: Islamic Christianophobia
4. Citi Unit Grows With Feds' Help
5. Man United Plans Bond Issue

Real Time Economics

blogs.wsj.com/economics

"[T]hese aren't normal times. While labor is suffering, productivity is booming."

Jon Hilsenrath on the disappointing U.S. jobs numbers.

Continuing coverage

See continuing coverage of the Detroit auto show, including photos and video, at **wsj.com/autos**

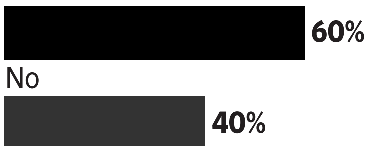
Question of the day

Vote and discuss: What's the most important factor in your next car purchase?

Are you looking for a vehicle that's fast, green, cheap or reliable? Vote online at **wsj.com/dailyquestion**. Plus, discuss the latest car models and trends with readers at **wsj.com/community**.

Previous results

Q: Are you concerned about violence at this summer's World Cup?



What's News

■ **Santander Chairman** Emilio Botín said his bank aims to be No. 1 in the U.K. and will examine further acquisition opportunities. The bank also launched an offer to buy back $3.62 billion of subordinated bonds. 19

■ **Central bankers meeting** in Switzerland highlighted the need to keep up momentum in reducing imbalances and tightening financial regulation as economic recovery gathers traction. 8

■ **Growth in the junk-bond** market bodes well for corporate Europe and the European economy in general. 22

■ **Northern Ireland's** first minister temporarily stepped down in a bid to defuse the sex and financial scandal involving his wife that has rocked the province's fragile power-sharing government. 4

■ **Bulgaria is emerging** as a fiscal model for a number of European nations struggling to fend off debt crises. 4

Inside

Subprime leaders and curse of short-term investments. 27

Man United kicks off its bond sale with $801.4 million goal. 28

THE WALL STREET JOURNAL EUROPE
(ISSN 0921-99)
Stapleton House, 29 - 33 Scrutton Street, London, EC2A 4HU

SUBSCRIPTIONS, inquiries and address changes to: Telephone: +44 (0) 207 309 7799. Calling time from 8 a.m. to 5 p.m. GMT. E-mail: subs.wsje@dowjones.com. Website: www.services.wsje.com

ADVERTISING SALES worldwide through Dow Jones International. Frankfurt: 49 69 9714280; London: 44 207 842 9600; Paris: 331 40 17 17 01.

Printed in Belgium by Concentra Media N.V. Printed in Germany by Dogan Media Group / Hürriyet A.S. Branch Germany. Printed in Switzerland by Zehnder Print AG Wil. Printed in the United Kingdom by Newsfax International Ltd., London. Printed in Italy by Telestampa Centro Italia s.r.l. Printed in Spain by Bermont S.A. Printed in Ireland by Midland Web Printing Ltd. Printed in Israel by The Jerusalem Post Group. Printed in Turkey by GLOBUS Dünya Baslnevi.

Registered as a newspaper at the Post Office.

Editeur responsable: Patience Wheatcroft M-17936-2003.

Registered address: Boulevard Brand Whitlock, 87, 1200 Brussels, Belgium

NEWS

Without a vote, who heads Fed?

By Sudeep Reddy

Senate Banking Committee Chairman Christopher Dodd warned Monday that Ben Bernanke could not remain as chairman of the Federal Reserve if the Senate didn't confirm him by Jan. 31, when his four-year term expires.

In an interview on CNBC, Mr. Dodd, the Connecticut Democrat, said Fed Vice Chairman Donald Kohn would take over as chairman. Sen. Judd Gregg (R., N.H.) made the same point. The comments generated some confusion on Wall Street, and the situation isn't clear-cut.

This much is clear: A Fed chairman cannot automatically stay in his position after his four-year term as chairman expires.

Members of the Fed board can remain in office as governors after their terms expire until their spot is filled. The Federal Reserve Act, however, says that the Fed vice chairman acts as chairman in the "absence" of the chairman. But "absence" isn't defined.

The Fed has twice faced circumstances in which a chairman hasn't been confirmed by the Senate by the time his term expired. In each of those cases, the Fed didn't have a vice chairman in place, so the members of the Federal Reserve Board elected the chairman as chairman pro tempore.

In 1948, Marriner Eccles served as chairman pro tempore from Feb. 3 until April 15, when Thomas McCabe was sworn in as chairman. And in 1996, Alan Greenspan served as chairman pro tempore from March 3 to June 20, when he was confirmed by the Senate for a third term as chairman.

Mr. Bernanke's 14-year term as a governor—one of seven positions on the Federal Reserve Board—runs through 2020. It isn't clear what, if anything, would stop the Fed board from electing Mr. Bernanke as chairman pro tempore if he isn't confirmed by Jan. 31.

The Fed and Mr. Dodd hope the confirmation vote will come soon after the Senate reconvenes Jan. 19. But at least four senators have placed holds on the nomination, forcing Senate Majority Leader Harry Reid (D., Nev.) to schedule a floor debate about Mr. Bernanke, invoke cloture on the nomination and prepare for an up-or-down vote.

At the moment Mr. Bernanke seems to have the 60 votes he would need to be confirmed. But if the Senate delays a full vote past Jan. 31, the Fed's board could be forced to make a decision to avert worry on Wall Street.

Should the situation result in Mr. Kohn becoming chairman, however briefly, he would bring decades of Fed experience to the post.

Mr. Kohn joined the staff of the Federal Reserve Bank of Kansas City fresh out of graduate school in 1970.

About the time that Mr. Greenspan became chairman in 1987, Mr. Kohn became director of the Fed's division of monetary affairs, the Fed staffer who coordinates deliberations on interest-rate moves. He became one of Mr. Greenspan's closest advisers and a defender of Mr. Greenspan's policies.

He was named by President George W. Bush to the seven-member Fed board of governors in 2002 and became vice chairman in 2006.

Mr. Kohn has been at Mr. Bernanke's side for nearly every critical decision during recent financial crisis.

"Don is the most important non-chairman member of the board in the history of the Fed," says Laurence Meyer, a former Fed governor.

—Jon Hilsenrath contributed to this article.

Reuters (Bernanke); Bloomberg News (Kohn)

Federal Reserve Chairman Ben Bernanke, left, can't automatically remain in his post if the Senate doesn't confirm him for a second term by Jan. 31. Sen. Christopher Dodd said Vice Chairman Donald Kohn, right, would take over.

EUROPE NEWS

Bulgaria faces threat to euro efforts

Despite budgetary rigor of EU's poorest member, other nations' debt burdens could foil its bid to adopt currency by 2013

By Joe Parkinson

Reuters

Bulgarian Prime Minister Boyko Borisov, center, hammers a coin during his visit to Bulgarian National Bank in Sofia last month.

SOFIA—Bulgaria, the newest and poorest member of the European Union, is emerging as a fiscal model for a number of EU countries struggling to fend off debt crises.

Despite Bulgaria's budgetary rigor, other EU members' swelling debt burdens may end up foiling Sofia's aspirations to join the euro in three years.

Bulgaria joined the EU in 2007 and posted the smallest budget deficit among the 27 member states last year, according to the finance ministry. It is expected to be the only EU nation to balance its budget in 2010.

The country pegs its currency, the lev, to the euro, and has a currency board that forces the government to hew to tight fiscal policy. Officials in Sofia have frozen government wages and pensions, mothballed costly state investment projects, raised taxes on tobacco and slashed government spending by 15%. The result is a full-year deficit of less than 500 million lev ($370 million), or 0.8% of gross domestic product.

Prime Minister Boyko Borisov, who has drawn international accolades for cutting spending while maintaining high levels of public support, says he fears Bulgaria's fiscal performance won't guarantee entry to the 16-nation euro zone.

"I am afraid that the debt crisis in newer euro-zone countries will negatively affect us," he said. "We hope that the authorities respect the admission criteria as we've worked hard to get here."

In a thinly veiled reference to Greece, which has struggled to persuade investors that it can cut its budget deficit from more than 13% of GDP toward the EU's 3% ceiling, Mr. Borisov said he is making progress in persuading European leaders that his government would be fiscally disciplined "now and in the future."

Bulgaria is eager to adopt the euro in order to boost confidence and foreign investment in Bulgaria.

Still, the country must meet a number of criteria covering currency stability, public-sector debt, interest rates and inflation. The application also needs approval by EU heads of government and European Central Bank President Jean-Claude Trichet.

Bulgaria's economic progress could see it leapfrog longtime euro aspirants, such as Romania and Hungary, where sharp downturns have required bailouts from the International Monetary Fund. Sofia isn't currently receiving IMF assistance, and doesn't plan to seek help from the fund this year, Mr. Borisov said.

Bulgaria also could outpace Poland, where policy makers have been cautious about entering the currency club. That could raise eyebrows in Brussels and other European capitals where Bulgaria remains synonymous with corruption and organized crime.

Spearheading the austerity drive is Prime Minister Borisov, a former karate champion who says his government will formally apply to join the euro zone by the end of January, setting it on course to adopt the currency in 2013.

"We have everything in order and we're ready to start the road to the euro zone by the end of the month," says Mr. Borisov. "It is now the first foreign-policy priority of my government."

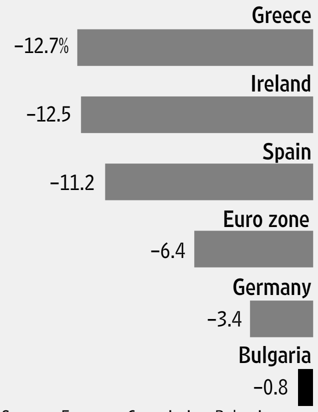
The currency board, in place since an economic crisis in 1997 led to hyperinflation and the lev's collapse, compels Bulgarian policy makers to preside over a tight fiscal policy to guard against speculative attacks. But the current government's decision to bear down on spending and balance the budget contrasts with other Baltic states, where deficits are widening, despite currency boards.

Bulgaria's growth forecast for this year has increased to 0.2%, from minus 2%. Credit-rating agency Standard & Poor's has upgraded the country's outlook from negative to stable at BBB—two notches above investment grade.

Mr. Borisov also is relying on his finance minister, Simeon Djankov, to step in. Mr. Djankov, a former World Bank economist, said that fiscal credibility is "nonnegotiable" to navigate Bulgaria's entry into the euro zone.

Bulgarian budgeting

Bulgaria's budget deficit as a percentage of GDP compared to other European Union member states in 2009.



Sources: European Commission, Bulgarian Finance Ministry (Bulgaria)

Northern Ireland official takes 6-week leave

Associated Press

Peter Robinson, head of Northern Ireland's administration, said he needed to 'devote time to deal with family matters' amid a scandal involving his wife.

By Guy Chazan

The head of Northern Ireland's administration has temporarily stepped down in an attempt to defuse the sex and financial scandal involving his wife that has gripped the province and rocked its fragile power-sharing government.

Peter Robinson, the 61-year-old head of the Democratic Unionist Party, said he needed to "devote time to deal with family matters" and clear his name. Northern Ireland's current Enterprise Secretary, Arlene Foster, will assume his responsibilities as first minister for the next six weeks.

There had been speculation that the DUP, the main Protestant party in Northern Ireland, would jettison him, but at a meeting on Monday, the party threw its support behind its embattled leader.

It is unclear how the storm will affect the shaky alliance between the DUP and the Catholic Sinn Fein. Their coalition was already strained before the crisis, dogged by a delay in transferring powers over policing and justice from London to Belfast. Sinn Fein sees the issue as crucial to the 12-year-old political process that was designed to end decades of sectarian violence.

Sinn Fein's president, Gerry Adams, added to the pressure on Mr. Robinson Monday, saying the DUP had adopted a "negative" approach to many important issues facing the Executive. Writing in the Belfast Telegraph, he blamed the current state of deadlock on the "failure of the DUP to fulfill its political commitments."

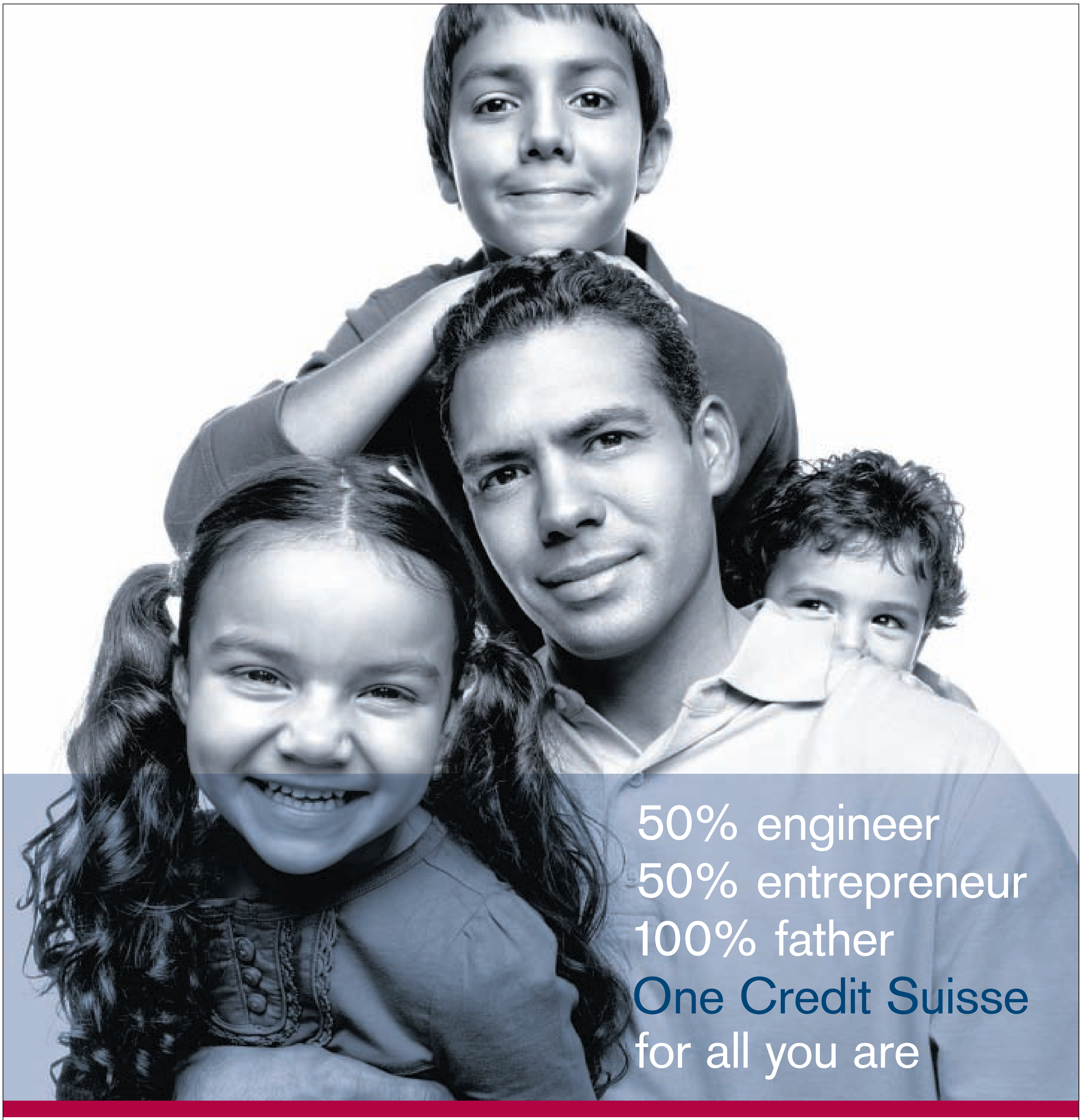
Mr. Robinson said he would continue to participate in talks on policing and justice, which he said were "key priorities" for the province's government. A party spokesman said he would do so in his role as head of the DUP, rather than as a minister.

The crisis blew up after the BBC reported that Mr. Robinson's wife Iris, 60, who was expelled from the DUP over the weekend, had helped procure a £50,000 ($80,100) loan for a café owned by her then-lover, Kirk McCambley, now 21. Ms. Robinson, who last month said she won't seek re-election to the U.K. Parliament, failed to declare the loan in Parliament's register of members' interests. Mr. Robinson said his wife is receiving psychiatric treatment in Belfast.

The BBC investigation claimed the first minister had acted improperly by failing to report the loan to the authorities when he learned of them in December 2008.

On Monday, Mr. Robinson called the allegation "unfounded and mischievous," and maintained he had acted "ethically and properly." He has initiated an independent inquiry into the claims against him.

Ms. Foster said the departmental solicitors' office, which provides legal services to government departments in Northern Ireland, had already considered the allegations and advised Mr. Robinson he wasn't in breach of ministerial codes of conduct. She said she was also sure that senior government lawyers appointed to investigate Mr. Robinson's conduct would find no evidence of wrongdoing.


50% engineer
50% entrepreneur
100% father
One Credit Suisse
for all you are

A confirmation that's in the bag?

Agence France-Presse/Getty Images

Catherine Ashton, the European Union's incoming foreign-policy chief, hadn't laid out much of a world view before her confirmation hearing on Monday. During three hours of questions in the European Parliament, she condemned Iran for the nuclear-enrichment program and said her first foreign trip would be to the U.S. Olli Rehn, poised to take over the bloc's economic portfolio, followed. He said the commission should use "all available tools" to ensure sound euro-zone finances.

Trichet urges reform

ECB president targets government budget deficits, risk taking at banks

By Natasha Brereton And Nina Koeppen

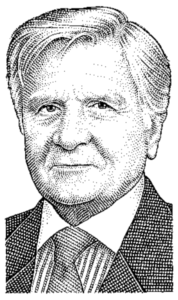
BASEL, Switzerland—Governments must address excessive budget deficits and commercial banks must strengthen their balance sheets to reassure savers and investors, European Central Bank President Jean-Claude Trichet said Monday.

As the economic recovery gains traction, global central-bank officials gathered here have highlighted the need to keep up momentum in reducing imbalances and tightening financial regulation. They also stressed that governments need to reassure investors that they are committed to shrinking excessive budget deficits that were swollen by spending programs to prop up crisis-hit economies.

"Confidence depends on the capacity to be credible in going back to a sustainable mode," Mr. Trichet cautioned, noting that "a lot of time" at the meetings was devoted to the issue of fiscal imbalances.

He also called on commercial banks to improve their risk management and strengthen their balance sheets "by all appropriate means," which he said could include more moderate behavior with regards to salaries and bonuses.

"It seems to me that, at the global level, there is a confirmation of the progressive normalization of the economy," Mr. Trichet said in his capacity as chairman of the Global Economy Meeting for the Bank for International Settlements, which brings together central bankers from major industrial and emerging-market economies. U.S. Federal Reserve Chairman Ben Bernanke, Bank of Japan Gov. Masaaki Shirakawa and People's Bank of China Gov. Zhou Xiaochuan were among those participating in the Basel meetings.



Jean-Claude Trichet

Speaking to reporters earlier Monday, ECB Governing Council member Ewald Nowotny said the reemergence of market risk-taking was mostly a concern for the U.S. and that he was "pretty sure" that the necessary lessons would be learned by participants in financial markets.

"I understand that this [risk-taking] is of some concern, especially for the U.S. authorities," he told reporters. "I don't think this is a major problem in the euro area, but we do see signs of it world-wide."

Discussions on the issue have focused "on specific types of banking activity, especially with regard to trading activities of the banking sector," said Mr. Nowotny, who heads Austria's central bank.

Officials also welcomed "substantial progress" made by the Basel Committee on Banking Supervision in converting agreed steps into concrete measures, but said it is vital that central bankers and regulators finalize reforms to global banking standards as soon as possible.

In December, the Basel Committee published a draft set of global standards designed to ensure banks have enough high-quality capital and a pool of liquid assets that will allow them to weather future financial crises.

In a statement Monday, the committee's oversight body stressed the need to make progress in provisioning, introducing counter-cyclical capital buffers, addressing the risk of systemic banking institutions, and assessing the role that could be played by contingent capital.

The massive influx of money into emerging markets, partly fueled by low interest rates and the central banks' ample liquidity provisions was also a cause for concern to the central bankers. The money could create an asset-price bubble that could pop if outside investors decide to withdraw their funds.

"Some countries are looking at significant inflows of capital that are creating challenges," Mr. Trichet said. He didn't specify any countries.

U.K. retailers show optimism

By Nicholas Winning And Paul Hannon

LONDON—British retailers recorded their strongest December sales rise in four years last month, while house prices continued to recover, strengthening hopes that the country emerged from a long recession at the end of last year.

The two reports were tempered, however, by a separate survey by a major U.K. business group that suggested the country was still struggling to enter the recovery phase in the fourth quarter.

The British Retail Consortium said total retail sales were 6% higher in December than they were in December 2008, the strongest increase for that month since 2005. Sales in stores that have been open for at least a year were 4.2% higher than in December 2008, having been 1.8% higher in November, the BRC said.

"These are stronger figures than we dared hope for," said Stephen Robertson, the BRC's director general. "The figures were certainly helped by the comparison with last December's terrible results, but customers clearly felt more confident about spending than they have for some time."

The pickup in sales was probably supported by the imminent reversal of the government's temporary cut in value-added tax. The BRC said unusually cold December weather also gave a strong boost to clothing and footwear, although sales of most other items also increased.

Also, the Royal Institution of Chartered Surveyors said U.K. house prices rose further in December—albeit at a more modest rate than previous months—as demand for homes continued to outpace the supply of properties being put on sale.

Price rise slows

U.K. housing price balance – percentage of surveyors reporting a rise in prices minus those reporting a fall.

Source: RICS

The RICS monthly survey's headline price balance, calculated by subtracting the percentage of surveyors reporting falling prices from those reporting rising prices, fell to plus 30 percentage points in December from a three-year high of plus 35 in November.

It was the first decline in the indicator since January 2009, but RICS said the loss of momentum in prices and the moderation in new buyer interest seen during the month could be due to the market slowing down for the holiday season.

Liberal Democrats streamline platform

By Nicholas Winning

LONDON—The leader of the U.K.'s third-largest political party sidestepped questions Monday about whether he would do a deal with one of the two larger parties in this year's general election, saying he was concentrating on his own principles.

Liberal Democrat leader Nick Clegg said his party had stripped its election manifesto of everything not essential because that was all the country could afford.

"We have isolated only two areas where we will make immediate, significant additional spending pledges: in education and in infrastructure—and those will be funded from specific cuts in other areas of government spending," Mr. Clegg said at an event to outline his party's strategy.

With the governing Labour Party of Prime Minister Gordon Brown trailing the main opposition Conservative Party in election polls, the question remains whether the Liberal Democrat party will play the role of kingmaker should either of the two larger parties fail to win an outright majority.

"I can't predict the future," Mr. Clegg said.

No date has been set yet for the U.K. election, which must be held by early June.

Mr. Clegg said his party would put a 10% levy on bank profits as long as they were underwritten by the taxpayer, end tax credits for above-average income families, and put a £400 (about $640) cap on public-sector wage increases for at least two years.

"These cuts and revenue-raising measures are, in our view, unavoidable if we are to persuade people that we are serious—and we are deadly serious—about tackling Gordon Brown's astronomical deficit, yet alone generate the resources we need for our social and political priorities," he said.

Mr. Clegg also promised the biggest tax reform in a generation to redistribute income, including charging no income tax on the first £10,000 people earned, a levy on high-value residential property, and closing tax loopholes for the highest earners.

The Liberal Democrat leader said he also wanted to rebalance the economy and shift the focus away from London's financial district toward other areas of output in the rest of the country.

His party also wanted to see a clear separation in banking between the high-risk areas of the industry and the retail side.

CERAWEEK® 2010

ENERGY: Building a New Future

March 8–12 • Houston, Texas • Register now at www.ceraweek.com or +1 617 866 5102

Now in its 29th year, CERAWEEK is the world's most prestigious annual gathering offering insight into the energy future. Hosted by IHS Cambridge Energy Research Associates (IHS CERA) and chaired by Daniel Yergin, author of the Pulitzer Prize–winning book *The Prize*, CERAWEEK 2010 will debate, inform, and set the agenda for building tomorrow's energy strategies.


Khalid Al-Falih
President and CEO
Saudi Aramco


Chad Deaton
President and CEO
Baker Hughes


Alexander Medvedev
Deputy Chairman,
General Director
Gazprom Export


David Ratcliffe
Chairman, President,
and CEO
Southern Company


Hamad Rashid Al Mohannadi
Managing Director -
CEO
RasGas


José Sergio Gabrielli de Azevedo
CEO
Petrobras


Mike Morris
Chairman, President,
and CEO, American
Electric Power
Company


Ken Rogoff
Professor of Economics
Harvard University


Nariman Behravesh
Chief Economist
IHS


Andy Inglis
Chief Executive,
Exploration and
Production
BP


James Mulva
Chairman, President
and CEO
ConocoPhillips


Paolo Scaroni
CEO
ENI Group


Brandon Bethards
CEO
Babcock & Wilcox


Philippe Joubert
Executive Vice
President, Alstom;
President, Power
Sector, Alstom


Richard Newell
Administrator
Energy Information
Administration (EIA)


Nobuo Tanaka
Executive Director
International Energy
Agency (IEA)


Jean-Francois Cirelli
Vice-Chairman and
President
GdF SUEZ


Bill Klesse
Chairman of the Board
and CEO
Valero


RK Pachauri
Chairman
Intergovernmental Panel
on Climate Change
(Nobel Laureate)


Jakob Thomasen
CEO
Maersk Oil


Ted Craver
Chairman, President
and CEO
Edison International


Andrew Liveris
Chairman and CEO
Dow Chemical


Kjell Pederson
CEO
Petoro


Thomas Walters
President
Gas & Power Marketing
ExxonMobil


Peter Darbee
Chairman, CEO,
and President
PG&E Corporation


Tan Sri Hassan Marican
President and CEO
PETRONAS


Michael Quillen
Chairman,
Alpha Natural
Resources


Daniel Yergin
Chairman
IHS CERA

IHS CERA

CERAWEEK Online enables virtual participation in CERAWEEK 2010 for both individuals and enterprises. Call +1 617 866 5102 for more information.

Partners and Sponsors

ALSTOM · ANH Agencia Nacional de Hidrocarburos Colombia · Cisco · ExxonMobil · Saudi Aramco · Chevron · PricewaterhouseCoopers · aspentech · IBM · Vinson&Elkins International Lawyers · Standard Chartered · Baker Hughes · SAIC From Science to Solutions · Microsoft

About IHS CERA: IHS Cambridge Energy Research Associates (IHS CERA) is a leading analyst and advisor on global energy markets and economics. About IHS: (NYSE: IHS, www.ihs.com) is dedicated to providing the most complete and trusted information and expertise spanning the most important concerns facing global business today: Energy, Product Lifecycle, Security and Environment, all supported by Macroeconomics.

EUROPE NEWS

Italy is shaken by immigrant clashes

Fighting between locals and African workers prompts fears of more strife and national soul-searching about racism

By Stacy Meichtry

Reuters

An immigrant argues with a resident during a protest in Rosarno, Italy, on Friday. Police and prosecutors are investigating the cause of the clashes in the southern farming town.

ROME—Violent riots and the evacuation of immigrants from a southern Italian town have prompted a wave of national soul-searching over how Italy should respond to racial tensions stoked by economic malaise.

Police and prosecutors on Monday continued to investigate the cause of the clashes that swept through the farming town of Rosarno, near the toe of the Italian peninsula.

The riots began Thursday when a local resident fired a pellet gun at a documented African migrant worker, lightly wounding him.

African immigrants in the area responded by burning cars and vandalizing shops. Some local Italians retaliated by forming bands that began going house-to-house attacking immigrants. The clashes, which appeared to have ended by Saturday, left dozens injured, including a group of immigrant men who were beaten with metal rods.

By Sunday evening, police had escorted more than 1,000 immigrants to relief centers in other cities to ensure their safety.

Prosecutors on Monday said they were investigating the possibility that members of the 'Ndrangheta, a powerful crime syndicate in southern Italy, played a role in fomenting the violence.

Italians across the peninsula, however, say the riots were spurred by long-simmering racial tensions—conditions that have worsened with a rising tide of immigration and a deep economic problems.

Pope Benedict XVI, on Sunday, decried the "exploitation" of migrant workers, calling on Catholics to respect the "rights and duties" of immigrants. On Monday, the Osservatore Romano, the Vatican's official newspaper published an editorial revisiting Italy's colonial past in Africa and episodes of racism under Italian dictator Benito Mussolini.

As factories in Italy's industrial north have cut employees over the past year, migrant workers have flocked to southern Italian regions such as Calabria in search of low-paying jobs picking citrus fruit.

Many of the job cuts have fallen on migrants, who don't receive the same level of unemployment benefits as native Italian workers, who are shielded by strong unions.

With few jobs to go around in Rosarno, scores of migrants have in recent years ended up squatting in abandoned warehouses and factories around town, according to Laura Boldrini, a spokeswoman for the United Nations High Commissioner for Refugees.

"The root causes have to be addressed, otherwise we'll have a repetition of this episode in other locations," Ms. Boldrini said.

Officials in Prime Minister Silvio Berlusconi's government accused local authorities of creating a racial tinder box by turning a blind eye to the influx of tens of thousands of undocumented workers. "As a result we have huge communities that have become real exploding bombs," Interior Minister Roberto Maroni said in a TV interview.

By dint of geography, southern Italy has become a popular entry point to the rest of Europe for immigrants from African countries such as Togo, Ghana and Nigeria, who cross the Mediterranean by boat.

Over the past year, Italy has instituted a crackdown, sending immigrants intercepted at sea back to their countries of origin, usually via Libya. The practice has drawn criticism from human-rights groups who accuse Italy of failing to properly screen the migrants for political refugees. The European Union, on the other hand, has reviewed Italy's policy as a potential model for for stemming illegal immigration in other Southern European nations.

Ms. Boldrini, who has been in Rosarno advising local and national authorities on their response to the violence, estimated that about half of the migrants sent to relief centers over the weekend were undocumented.

Some undocumented migrants were transferred to detention centers, where they face expulsion from Italy, government officials said.

On Monday, hundreds of native Italians and a handful of African migran marched through Rosarno to protest media reports that the demonstrators said unfairly portrayed the town as a hotbed of racism.

—Margherita Stancati contributed to this article.

Pope speaks on creation

A WSJ News Roundup

VATICAN CITY—Pope Benedict linked the Catholic Church's opposition to gay marriage to concern about the environment, suggesting that laws undermining "the differences between the sexes" were threats to creation.

He issued the admonition in a speech to ambassadors accredited to the Vatican, an annual appointment during which the pontiff reflects on issues the Vatican wants to highlight to the diplomatic corps. The main theme of the address was the environment and the protection of creation.

"Creatures differ from one another and can be protected, or endangered in different ways, as we know from daily experience. One such attack comes from laws or proposals, which, in the name of fighting discrimination, strike at the biological basis of the difference between the sexes," he said. "I am thinking, for example, of certain countries in Europe or North and South America."

This was a clear reference to legislation either enacted or proposed in several parts of the world. Last month, Mexico City became the first capital in Catholic Latin America to allow same-sex marriage.

In California, the U.S. state's ban on gay marriage went to trial on Monday in a federal case that plaintiffs hope to take all the way to the Supreme Court and overturn bans throughout the nation. Gay marriage is legal in several U.S. states and in some European countries.

In his speech to diplomats from more than 170 countries, the pontiff criticized the "economic and political resistance" to fighting environmental degradation that was exemplified in the negotiations to draft a new climate treaty at last month's summit in Copenhagen.

Officials from 193 countries met at the summit, which ended Dec. 19 having failed to produce a successor treaty to the 1997 Kyoto Protocol. It produced instead a nonbinding accord that included few concrete steps to combat global warming.

Pope Benedict didn't name countries responsible for bogging down negotiations, but he listed as the victims island nations at risk of rising seas, and Africa, where the battle for natural resources and overexploitation of land has resulted in wars.

"To cultivate peace, one must protect creation," the pope told the ambassadors. The pontiff said the same "self-centered and materialistic" way of thinking that sparked the world-wide financial meltdown also was endangering creation. To combat it will require a new way of thinking and a new lifestyle—and an acknowledgment that the question is a moral one, he said.

Associated Press

Pope Benedict XVI greets ambassadors to the Holy See on Monday at his annual address to the diplomatic corps at the Vatican. He spoke on the environment.

"The protection of creation is not principally a response to an aesthetic need, but much more to a moral need, inasmuch as nature expresses a plan of love and truth, which is prior to us and which comes from God," he said.

U.S. NEWS

Democrat's tough stance

Stupak's push for abortion curbs rankles party but plays well at home

By Douglas Belkin
And Janet Adamy

IRONWOOD, Mich.—Democratic Rep. Bart Stupak's push for restrictions on abortion funding in the U.S. health-care overhaul is anathema to many liberal supporters of the bill. But Mr. Stupak sees them as a natural mix of the economic liberalism and social conservatism that defines his home district, Michigan's economically depressed Upper Peninsula.

"You find it wherever you go," said Mr. Stupak, a 57-year-old former state trooper and practicing Roman Catholic. "People say, 'We applaud the amendment, but we don't like the bill.' "

Bucking his party leadership, Mr. Stupak led the charge for an amendment bearing his name that prevents women with government-subsidized coverage from enrolling in a plan that covers abortion.

The Senate bill lacks the language. That gives Mr. Stupak a critical role as lawmakers hash out the final legislation they plan to send to President Barack Obama as soon as this month.

"It has to be pretty close to Stupak language or it's not going to fly," Mr. Stupak said Tuesday night after a town-hall meeting during which the mention of his amendment twice drew applause.

Large parts of the sprawling district Mr. Stupak represents have unemployment rates higher than the 14.7% state average, which is the worst in the U.S. The copper mines and timber industry—the backbone of the economy here for generations—have been disappearing for decades.

Within that economic climate, Mr. Stupak has woven a popular incumbency by tapping into the district's social conservatism while recognizing its labor union heritage. The district supported Mr. Obama in 2008 but backed President George W. Bush in 2000 and 2004. Mr. Stupak has voted with his party 96% of the time but since his first election in 1992 has stressed his antiabortion bona fides.

Now his antiabortion values and party loyalty are colliding, potentially to his advantage.

Mr. Stupak said sentiment on the overall health bill is evenly split in the 10,000 to 15,000 messages he has been getting from constituents each week on the matter. That makes his support for the bill a political gamble. Based partly on those messages and his meetings with constituents, he thinks about two-thirds of voters in the district support the amendment.

There are no polls on his amendment, but political analysts familiar with the area agree with Mr. Stupak's assessment. "This is a heavily ethnic, working-class, Roman Catholic district," said David Haynes, a political-science professor at Northern Michigan University. "We have never had a pro-choice congressman here. The amendment probably gives him some wiggle room."

In Ironwood, at one of several recent town-hall meetings Mr. Stupak has held, about 100 residents peppered him with questions and criticism about the bill. Several men held up copies of the U.S. Constitution. One asked: "Where in here does it say that the federal government can mandate health insurance?"

The following evening, 60 miles northeast in Ontonagon, 200 people crammed into a high-school auditorium to express their concern about a recent paper-mill closing and to find out how a health-care plan would affect the unemployed.

Using a slide show, Mr. Stupak made his case for the health overhaul. Premiums in Michigan increased nearly 80% between 2000 and 2007, he said, while wages climbed less than 5%. He said there were thousands of uninsured people in his district and hundreds more each year who pay for private health insurance but file for bankruptcy because a family member got sick and their policy reached its maximum.

Mr. Stupak says he is confident that his stricter language will remain in the final bill because 10 to 12 House Democrats won't vote for it unless his language—or something very close—is included. He wouldn't name the congressmen. The bill passed the House by just two votes.

"I can go back to my district [on some issues] and say I did the best I could, I tried," he said. "But on abortion you can't go back and say, I used to be right to life; now I'm pro choice. That doesn't work; it's either or."

Associated Press

Democratic Rep. Bart Stupak of Michigan, shown on Capitol Hill in July, says he is confident that his abortion language will remain in the final health bill.

U.S. NEWS

Bloomberg News

Some state regulators are calling on the EPA to go slowly with new emissions rules. Above, a power plant in Pittsburg, Calif.

States balk at new rules

Regulators call for U.S. to delay proposed curbs on greenhouse gases

By Stephen Power
And Ian Talley

A growing number of U.S. state regulators are urging the Obama administration to slow the rollout of proposed federal rules curbing industrial greenhouse-gas emissions, saying the administration's approach could overwhelm them with paperwork, delay construction projects and undercut their own efforts to fight climate change.

The concerns echo some criticisms that business groups—including the American Petroleum Institute and the National Association of Manufacturers—have voiced about the potential consequence of new regulations, though the states generally don't challenge the legality of the proposed regulations, as some business groups have. Indeed, many state regulators continue to say they support the Environmental Protection Agency's effort to regulate greenhouse gases. Their concerns, they say, have more to do with how quickly such rules should be phased in, and how to pay for an expansion in regulatory oversight at a time when their budgets are in the red.

Regulators from around the U.S., including Kansas, Pennsylvania, Florida and California, are calling on the EPA to go slowly with its new rules, and in some cases warning that they lack funding to regulate some of the new emissions sources that would be covered.

The states' warnings vary in urgency, with some saying the EPA's proposal can be easily tweaked and others urging the agency to reconsider the proposal, predicting dire consequences. South Carolina regulators, in a letter to EPA dated Dec. 23, said the proposal will cause chaos and warned that many construction projects—and jobs—are at risk.

In a Dec. 24 letter to the EPA, the California Energy Commission, which oversees energy policy in the state, said the EPA's proposal "will likely retard, rather than facilitate," reductions in greenhouse-gas emissions from its electricity sector.

Because California, which has been a leader among states in pursuing its own emissions efforts, plans to require electric utilities to use more renewable power than they do currently, the state needs new natural-gas-fired power plants to provide back-up power when the wind doesn't blow or the sun doesn't shine. Most of those new plants aren't subject to the EPA permit process but will require permits under the EPA's proposal, the state says.

"We are gravely concerned that EPA's current proposal will likely create a huge administrative burden," said Melissa Jones, the commission's executive director. While most states stop short of predicting job losses, California says the proposed rules would cause "gridlock" on the construction of power plants.

Kansas's Department of Health and Environment has warned that the EPA proposal will affect some animal-feeding operations as well as some municipal solid-waste landfills, and Florida's Department of Environmental Protection has called the proposed permitting approach unmanageable.

Some states say the EPA's proposal can be easily tweaked and others are urging the agency to reconsider the proposal, predicting dire consequences.

The EPA declined to comment about the criticisms raised by state regulators. "We are still reviewing the comments. No decisions have been made about the final rule," an EPA spokeswoman said.

The Obama administration has said it would prefer that Congress pass legislation that would use a so-called cap-and-trade system to curb greenhouse-gas emissions. Under a cap-and-trade system, the government would require companies to hold permits in order to emit greenhouse gases. Over time, the government would issue fewer permits, bringing emissions down while allowing companies to buy and sell permits among themselves.

But prospects for that legislation passing the Senate—at least in its current form—are dim, leaving EPA regulation as the administration's main tool.

In order to acquire a permit, facilities would be required to demonstrate to state or local regulators that they are using the best practices and technologies to minimize greenhouse-gas emissions.

The decision on what constitutes those practices would, in most cases, be left to states, which are expected to rely heavily on guidance from the EPA. The EPA is expected to publish such guidance in the coming months.

Officials in other states say they worry the EPA won't give them enough time to revise their own state rules, which generally set much lower emissions thresholds for regulating air pollutants.

If the EPA doesn't give them enough time, state officials say, tens of thousands of new air-quality permits would need to be issued over the next 18 months or so, a scenario that state officials say could delay the process for many new facilities.

Citing budget shortfalls, some state agencies are suggesting the EPA propose new fees on businesses that could generate revenue for states to hire more people to process permits. But the proposals would likely encounter opposition as many businesses are still struggling to recover from the recession.

"This issue [of permits] is an extraordinarily hot topic among the states," said William Becker, executive director of the National Association of Clean Air Agencies.

Mr. Becker said that during a recent conference call organized by his group and involving more than 100 state and local air-quality agencies, "most, if not all, said EPA is seriously underestimating the number of sources" that would be subject to regulation under its proposal.

Mr. Becker emphasized that most of his group's members support EPA regulation of greenhouse gases and that most of the problems they have identified are surmountable. His group has suggested that the EPA wait until at least 2011 to trigger permitting requirements for major stationary sources of greenhouse gases.

Wall Street might be next in sights of tea-party crowd

[Capital Journal]

By Gerald F. Seib

Could all those populist pitchforks currently pointed at Washington be turned toward Wall Street instead?

That's the question that ought to worry Wall Street executives as they prepare to pay themselves nice bonuses this month, hard on the heels of a government bailout of the financial system, and amidst continuing job losses around the rest of the country. Financial firms know they're in for heat on bonuses; they've already been chastised on national TV by President Barack Obama's chief economist.

The more searing heat, though, might come not from Washington's corridors of power, but from the streets, where disjointed populist armies are starting to organize in the so-called tea-party movement.

It's a movement dominated for the moment by mistrust of big government and big government health-care plans. But it's also animated by mistrust of big institutions in general, and a tendency to see those institutions secretly working in tandem to the detriment of the little guy. So it's a short leap from anger at Washington's spending of taxpayer dollars to anger at Wall Street executives saved by those same taxpayer dollars—and then taking home a big bonus check.

Certainly we won't have to wait long to find out how combustible this mixture might be. The tea-party movement is holding its first national convention Feb. 4 to 6, in Nashville, and organizers say it's already sold out. Former vice presidential candidate Sarah Palin will be the star speaker; East Coast elites of all stripes might want to steer clear.

Judson Phillips, a Tennessee attorney and organizer of the convention, says the tea-party movement, disparate as it is, includes many people "who believe that Congress pays far too much attention to Wall Street and not enough attention to Main Street." Tea-party rallies, he says, draw a lot of small businessmen and women frustrated at their own inability to get capital while big banks prosper, and thus inclined to think the deck is stacked against them.

Asked specifically about Wall Street bonuses, Mr. Phillips replies: "I think the reaction of most people in the tea-party movement is going to be this: If a company is doing well, they don't have a problem with it. Most people in the tea-party movement are capitalists....If the company in question is one that received a government bailout—totally different story. Most people in the tea-party movement don't believe in the concept of too big to fail."

Right now, Mr. Phillips notes, Wall Street bonuses aren't the top item in the broad tea-party tent. Most available oxygen is being sucked out by anger over health care. But talk of more economic stimulus measures surely would revive anger over financial bailouts, he adds.

Indeed, anger over Wall Street bailouts was in many ways the spark that brought the tea-party movement to life. Joseph Farah, publisher of WorldNetDaily, a Web site popular among tea-party adherents, said the financial-industry rescue plan launched in the closing days of President George W. Bush's term "got this ball rolling. That's where the anger, where the frustration took root."

Since then, he notes, the movement has gone off in multiple different directions, and anger has mostly focused instead at Democrats running Washington. Yet there's a long history of populist ire being directed at Wall Street and Washington simultaneously.

If so, plenty of leaders in both places have reason to be worried. Already, grass-roots suspicion of the Federal Reserve Board is fueling the movement by Republican Rep. Ron Paul to pass legislation requiring that the Fed open its books for a public audit. Expect more populist-style Fed bashing before Fed Chairman Ben Bernanke is confirmed for a second term in coming weeks.

Beyond that, bankers in London already have seen where popular anger at the financial industry can lead. The British government has just imposed a hefty tax on bank bonuses—a tax that the mayor of London is warning could drive thousands of bankers out of his city.

The U.S. isn't close to taxing bank bonuses, at least not yet. However the Obama administration is considering proposing something less dramatic but thematically similar, a fee on banks to recover costs of the financial bailout.

Other hints of unrest can be seen on the political left and the right. On the left, Ariana Huffington, who runs one of the Internet's hottest political sites, has just suggested that people take their money out of the kinds of big financial institutions that benefited from Washington's rescue, and move it to community banks.

And on the right, Republican Rep. Darrell Issa has begun a crusade to figure out whether Treasury Secretary Timothy Geithner, while chairman of the Federal Reserve Bank of New York, was part of a plan to hide from taxpayers the fact that rescue money doled out to insurance giant **American International Group** Inc. was simply going out the backdoor to rescue banks owed money by AIG.

It's easy in Washington and on Wall Street to dismiss the tea-party movement as a disorganized fringe force. It's worth remembering, though, that in a Wall Street Journal/NBC News poll late last year, the tea-party movement won a higher favorability rating among Americans than did either major party.