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Prince William and Kate Middleton to marry



Reuters

Prince William, the second in line to the British throne, and Kate Middleton announced in London Tuesday that they are to marry next year. The Prince presented Miss Middleton with the engagement ring worn by his late mother, Diana, Princess of Wales. **Article on page 3**

EU envisions loans by U.K. aiding Ireland

By MARCUS WALKER AND PATRICK MCGROARTY

European finance ministers working on an international aid package for Ireland want the U.K. to make bilateral loans to Dublin as part of a larger aid package that could total as much as €100 billion (\$135 billion) and include credit from the euro zone and International Monetary Fund, according to people familiar with the matter.

Some euro-zone members are pushing for a deal to be sealed during a gathering of finance ministers in Brussels that began Tuesday evening and runs until Wednesday. The ministers are considering packages for both Ireland's banks and its public finances as well as a proposal to stabilize the banking sector alone.

A package of aid for Irish banks could be valued at €45 billion to €50 billion, while a broader package designed to

Overexposed

Foreign banks' exposures to Ireland by bank nationality, in billions of dollars

U.K.	\$222.4
Germany	205.8
U.S.	113.9
France	85.7
Italy	28.6
Japan	22.9
Spain	16.2

Note: Figures are as of March 31, 2010
Source: Bank for International Settlements

restore confidence in Ireland's public finances as well could range from €80 billion to €100 billion, an official familiar with the negotiations said.

In any deal, the IMF would likely contribute half as much aid as the EU and U.K. combined.

No further decisions on the breakdown of aid contributions have been made, the official said, as ministers continue to debate whether they should act simply to shore up the banking sector or make a bolder gesture of support for Ireland's finances.

Irish leaders would prefer to avoid the stigma of an IMF program. IMF loans typically come with policy prescriptions and targets attached while forcing governments to relinquish a degree of sovereignty to the Washington-based institution.

It appeared unlikely Tuesday that Ireland could dodge the IMF. Before the finance ministers' meeting, Finnish government officials made clear that they felt Ireland would have to submit to IMF oversight to better ensure

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The Quirk



Who you gonna call? For Bedbugs, an out-of-work actor. **Page 33**

World Watch

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Editorial Opinion

A Slovak defector's long journey back home. **Page 15**

Geithner says agreement 'likely' on U.S. tax cuts

By DAMIAN PALETTA

WASHINGTON—U.S. Treasury Secretary Timothy Geithner said Tuesday it was "quite likely" the White House and Congress would reach a deal to address the expiring Bush-era tax cuts by the end of the year.

"It's not rocket science," Mr. Geithner said at The Wall Street Journal's CEO Council in Washington, adding that "it should not be a complicated problem to solve."

In explaining the administration's negotiating position, Mr. Geithner said the White House wanted to see a permanent extension of the Bush-era tax cuts for the middle class. He said the administra-

tion "would not favor" extending tax cuts for wealthier earners and "would be very much against" a permanent extension for high-income individuals.

The nuance between "would not favor" and "very much against" appears to be the negotiating space in which the administration and Congress will hash out an agreement. Mr. Geithner wouldn't speculate whether the administration would agree to a multiyear extension of the tax cuts.

He said any deal on the tax cuts should include an agreement to address the alternative minimum tax and the estate tax. He said the country needed an overhaul of the tax

system, in part because so many tax provisions have to be extended each year, causing uncertainty for the business community.

"I will say that it's not a sensible way to run a country to have this magnitude of tax issues left to annual uncertainty," he said.

Mr. Geithner's comments were wide-ranging, reflecting the broad spectrum of issues on his plate. He responded to a question about criticism of U.S. policy from abroad by saying the financial crisis "caused a huge amount of damage to our credibility."

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■ U.S. CEOs call for more certainty on taxes, rules..... 9

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PAGE TWO

Crisis of democracy faces euro zone

[Agenda]

BY IAIN MARTIN



Tiny Ireland and the major powers of the European Union were still engaged in their strange dance Tuesday night. The EU and the European Central Bank want the Irish to ask for a bailout. Ireland, crippled by the guarantee it gave its banks and all but bust, says it doesn't need bailing out, thank you very much. Oh yes you do, says everyone else. Oh no we don't, say the Irish, but while you're on the line: What would the terms be?

One has to admire the Irish for their pluck, and for their striving to protect a rather weak negotiating position. If Irish ministers resist they know it would mean the spread of more investor panic to other countries. In theory, this could in time blow up the euro zone, trigger a depression and derail the European project.

Herman Van Rompuy, the EU's president, acknowledged this Tuesday: "We all have to work together in order to survive with the euro zone, because if we don't survive with the euro zone we will not survive with the European Union."

But he said he was confident the Irish end of the crisis could be handled. And in one sense he's right. Barring an earthquake, the euro zone is not going to crack up.

Any country leaving would find that its new currency dropped like a stone (which would increase the relative size of its debts, still denominated in euros). A country leaving the euro zone might default, but it could not raise a penny on the markets to fund itself. Unless there is gold at the end of the rainbow, or 870 million barrels of oil off the west coast of Ireland, as was claimed Tuesday, Ireland's only option appears to be the euro. It long ago passed the point of no return.



Christine Lagarde of France and Germany's Wolfgang Schäuble Tuesday.

As I have argued several times in this space before, and Ireland is discovering, the events surrounding the sovereign-debt crisis are driving much closer integration in the euro zone. In exchange for German guarantees, and EU-sponsored bailouts, the other countries in the common currency must learn to live by German rules.

But then what? Accelerated by the crisis, a new model of government without direct accountability to voters is being

Events surrounding the sovereign-debt crisis are driving much closer integration in the euro zone.

constructed. And the democratic consequences have been given very little thought other than by a hardened band of opponents.

To listen to European leaders speaking in public, one would imagine there really are no implications. It is as it ever was, only a little bit more so. Ireland's Finance Minister Brian Lenihan was interviewed recently and suggested it was the same old story: "Ireland has always been linked to a fixed currency

arrangement. We are currently linked to the euro, we were linked with sterling for more than 150 years. Small countries don't have the luxury of having a separate currency, they link themselves to another currency, there's nothing unusual about that."

In reality, the political end of the European project is now being completed, having been parked because it was too difficult a subject when the common currency was founded.

So Ireland is not just "linked" to another currency—its independence is no more than notional. In return for its bailout it will lose control over its corporate tax rates, if not this time, then a little further down the line. There will be extraordinary oversight not just of budgets but all manner of other aspects of euro-zone countries' economies. That goes well beyond a pooling of sovereignty. If it walks like a government, and it talks like a government, then it probably is a government.

But what happens when enough voters, in what might be called a nation state, inside the euro zone, one day soon decide that they want to change their government? I don't mean reshuffle their political elite, drilled by the bond markets and common currency orthodoxy, but

vote to really head off in a new direction right or left, a direction that requires an independent economic policy. Perhaps such voters in countries including Ireland will always be relaxed when they discover the option has been permanently removed by the ECB and EU. But what happens if they are not so relaxed?

Skepticism about the European project leads to nationalism and extremism, said Mr. Van Rompuy last week. It is equally possible that designing a new form of government that does not have democracy at its heart will anger voters and provide an opening for extremists.

Opportunity knocks

Meanwhile, on the other side of the Irish border, the U.K. government is already considering how Northern Ireland might gain a competitive advantage as the Celtic Tiger licks its wounds.

Intriguingly, in a speech Tuesday night in London the Northern Ireland Secretary Owen Paterson raised the possibility of allowing Ulster to have lower corporate tax rates than the rest of the U.K. About 70% of economic activity in the North is in the public sector, and the government hopes to gradually wean Ulster off state dependency.

Mr. Paterson said: "Despite its current economic problems in the first six months of this year the Republic of Ireland attracted over 50 foreign direct investments, including a number of big global hitters. There's an obvious reason for this and it does put us at a real competitive disadvantage. That's why, by the end of the year and working with the [Northern Ireland] executive, the government will produce a paper on rebalancing the Northern Ireland economy. This will look at possible ways of turning Northern Ireland into an enterprise zone and potential mechanisms for giving it a separate rate of corporation tax to attract significant new investment."

Never waste a serious crisis, as someone once put it.

What's News

■ **The Bank of England** plans to adopt a less-intrusive approach to overseeing U.K. banks when it takes over as the country's primary financial supervisor in 2012. Instead, it will rely on more disclosure to the markets. 19

■ **European stocks tumbled** amid heightened concerns about euro-zone sovereign debt and the potential for further fiscal tightening in China. U.S. stocks dropped. 27

■ **Euro-zone consumer** prices rose at the fastest rate in almost two years during October. They gained 0.4% from September, and were up 1.9% from October 2009. 4

■ **Steve Ballmer** said Microsoft is more valuable than the sum of its parts, as the CEO attempted to mollify investors about the company's floundering stock price. 19

■ **BHP** remains interested in acquiring top-level assets, after three failed attempts to forge deals. 24

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'In all seriousness, the Beatles don't need Jobs's Apple to further their music legend or popularity.'

Bryan Lopez on how Apple will sell The Beatles music in its iTunes Store.



Continuing coverage



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Question of the day

Vote and discuss:
Do you think Ireland should accept financial help from the EU and IMF?

Vote online today and discuss with other readers at wsj.com/polls

Previous results

Q: Is the U.S. losing its global clout?

Yes

No

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NEWS

A Windsor to tie knot: Prince William engaged

A Wall Street Journal Roundup

LONDON—Prince William is to marry his longtime girlfriend Kate Middleton next year, following years of speculation over whether and when the two would tie the knot.

Prince William gave Ms. Middleton the engagement ring—an oval sapphire surrounded by diamonds—that belonged to his late mother, Princess Diana.

The engagement was announced in a statement released by Clarence House, the official residence of Prince Charles. The wedding will take place in the spring or summer of 2011, in London.

“The Prince of Wales is delighted to announce the engagement of Prince William to Miss Catherine Middleton,” the statement said.

“We’re hugely excited,” said Prince William in a joint interview with his future bride. He said the couple want a family and will start thinking about having children after

the wedding. Ms. Middleton said the prospect of the royal wedding is “obviously nerve-racking.”

The couple, who are both 28 years old, were engaged in October during a private holiday in Kenya. Prince William, who is second in line to the throne after his father Prince Charles, will marry Ms. Middleton in London next spring or summer. Afterward, the couple will live in north Wales, where he will continue to serve with the Royal Air Force as a search-and-rescue helicopter pilot.

The wedding promises to be a extravaganza for Britain, recalling the 1981 wedding of Prince Charles and Princess Diana that drew massive television audiences around the globe.

The couple have been together for eight years. They met as undergraduates while studying at St. Andrews University in Fife, Scotland. They both graduated in the same ceremony in 2005, the same year their relationship was exposed when

they were photographed together on the Swiss ski slopes of Klosters.

Prime Minister David Cameron said he was “delighted to hear this wonderful news.”

In a statement, he said: “I am sure the whole country will join Samantha [Cameron] and me in wishing them great joy in their life together.”

Ms. Middleton, who isn’t a member of a royal family, is the eldest child of businessman Michael Middleton and former flight attendant Carol Middleton.

Ms. Middleton grew up in the Berkshire village of Bucklebury, where her family runs a mail-order toy and party-goods company.

WSJ.com

ONLINE TODAY: See photos and video of Prince William and Kate Middleton, plus past royal weddings, at WSJ.com/UK.



Prince William and his fiancée, Kate Middleton, attend the wedding of friends in Gloucestershire, England, last month.

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EUROPE NEWS



Reuters (Mohamed, Begg); Associated Press (Mubanga, el-Banna, Deghayes)

From left, Binyam Mohamed, Moazzim Begg, Martin Mubanga, Jamil el-Banna and Omar Deghayes are among the former Guantanamo Bay detainees the U.K. will compensate, saying it wants to limit costly legal claims that are taking resources from its security services.

U.K. to pay former detainees

BY ALISTAIR MACDONALD
AND JESS BRAVIN

The U.K. government said it will pay millions of pounds in compensation to 16 former Guantanamo Bay detainees who are suing Britain for its alleged complicity in their torture either at the base or leading up to their transfer there.

The government said it wanted to limit costly legal claims that were taking resources from the security services and to clear the decks ahead of an inquiry into whether Britain's security service was complicit in the alleged torture of detainees. The security services are also concerned that court cases will make sensitive intelligence public.

"No admissions of culpability have been made in accepting these cases," Ken Clarke, the U.K.'s secretary of state for justice, told Parliament. "The alternative to any payments paid would have been protracted and extremely expensive litigation in an uncertain legal environment in which the government could not be certain that it could be able to defend departments and se-

curity and intelligence agencies without compromising national security," he said.

As they prepared for court cases, the security services were having to go through 250,000 documents in a process Mr. Clarke said could cost between £30 million and £50 million (\$48.3 million and \$80.5 million) over three to five years.

Ahead of the announcement, the U.K. fully briefed the U.S. on what it intended to do, a person familiar with the matter said.

But the British move stands in stark contrast to actions by the U.S. government, which has vigorously fought claims by former detainees, offering no compensation to those who were held in error and invoking procedural arguments to block courts from hearing allegations that American officials abused prisoners or were complicit in their torture.

In September, for example, a federal appeals court in San Francisco dismissed a suit filed by Binyam Mohamed—one of the ex-detainees involved in the U.K. settlement—and other former prisoners after the Obama administration argued that

hearing the case would disclose state secrets.

The ex-detainees sued a Boeing Co. subsidiary that the U.S. government allegedly hired to transport detainees to third countries for interrogation under the "extraordinary rendition" program.

Although many allegations had been publicly disclosed, the Ninth U.S. Circuit Court of Appeals nonetheless accepted government arguments that other national security secrets could be revealed if the case went to trial.

The court, however, stressed that its decision "does not preclude the government from honoring the fundamental principles of justice" and compensating ex-detainees if "misjudgments or mistakes were made that violated plaintiffs' human rights."

That possibility seems remote, experts said. "What Congress member is going to want to spend their political capital on passing a bill to pay money to suspected terrorists?" said Jenny Martinez, a law professor at Stanford University.

Guantanamo Bay continues to be

a headache for President Barack Obama, who has yet to fulfill his campaign promise to close it. Republicans who have blocked the Obama administration from closing the prison for terror suspects are now questioning its moves to transfer some detainees to Europe.

British security officials have worried that airing intelligence in court could jeopardize future cooperation with U.S. and other intelligence agencies. In February, a U.K. appeals court forced the government to disclose U.S. intelligence related to the alleged torture by the U.S. of Mr. Mohamed, a move the White House called "disappointing."

Next year, the government will bring in legislation that will set out exactly what can be aired in the courts, ending the current system in which it is largely up to the interpretation of individual judges.

The U.K. claimants include Mr. Mohamed, Moazzim Begg—who has alleged the U.S. tortured him in Afghanistan—Martin Mubanga, Bisher al-Rawi and Sheikh Omar, who is still at Guantanamo Bay, said a person familiar with the matter.

Euro-zone inflation at 2-year high

BY PAUL HANNON
AND NATASHA BRERETON

LONDON—Consumer prices in the 16 countries that use the euro rose at the fastest rate in almost two years during October, the European Union's official statistics agency Eurostat confirmed Tuesday.

Eurostat Friday said consumer prices rose by 0.4% from September, and were up 1.9% from October 2009. The year-to-year increase was in line with Eurostat's first estimate. The annual rate of inflation is the highest since November 2008.

Although it remains in line with the European Central Bank's target, the inflation rate has picked up steadily in recent months. And in October the core rate of inflation—which excludes volatile prices such as those for food and energy—picked up to 1.1% from 1%.

However, economic growth was modest in the third quarter, and is unlikely to pick up significantly in the months ahead, so the ECB won't be raising its key interest rate any time soon.

The ECB would like to withdraw some of the extraordinary support it has provided to the banking system in the wake of the financial crisis and the recession that followed. Its main difficulty in doing that was highlighted in the inflation data. Ireland, whose banks most need ECB support, is in deflation, with consumer prices having fallen by 0.8% from October 2009. In the euro zone as a whole, the inflation rate was pushed higher by energy prices, which rose 0.6% from September.

Meanwhile, U.K. annual consumer-price inflation remained more than a percentage point above the Bank of England's 2% target in October, forcing BOE Gov. Mervyn King to write an explanatory letter to the Treasury.

Data from Britain's Office for National Statistics showed that the annual CPI accelerated to 3.2% last month from 3.1% in September.

Annual inflation has now been 3% or higher for 10 consecutive months, and has been above target for 41 out of the past 50 months. That raises the concern that the U.K. public could increasingly expect inflation to remain strong, raising the risk of additional price gains.

While that poses a barrier to an extension of the central bank's £200 billion (about \$321 billion) policy of buying bonds with freshly created central bank money, BOE officials remain cautious about the outlook for growth, and have left the door open to adding further stimulus.

Price spike

Year-to-year percentage change in euro-zone consumer prices



Source: Eurostat

Singapore sentences U.K. author

BY CHUN HAN WONG

SINGAPORE—Singapore's High Court sentenced a U.K. author to six weeks in prison for contempt of court—the stiffest penalty the city-state has issued for the offense—over statements in his book about the country's death penalty, a judge said.

Malaysia-based journalist Alan Shadrake, 76 years old, convicted Nov. 3 of scandalizing the court in his book, "Once a Jolly Hangman: Singapore Justice in the Dock," would also be fined 20,000 Singapore dollars (US\$15,400), in an effort to send "a signal to those who hope to profit from controversy," said High Court Judge Quentin Loh.

Mr. Loh said the previous record sentence for contempt was 15 days.

The judge said Tuesday that Mr. Shadrake showed a clear "intent to repeat his contempt" by preparing a second edition of his book, and that he had aggravated his contempt in statements published in U.K. newspaper the Guardian earlier this month.

"Mr. Shadrake's technique is to make or insinuate his claims against a dissembling and selective background of truths and half-truths and



Alan Shadrake, left, with his lawyer, M. Ravi, at the High Court of Singapore.

selective facts," Mr. Loh said in his judgment Nov. 3, "sometimes even outright falsehoods."

The book has sold about 6,000 copies, the court said it heard.

Mr. Shadrake might serve an additional two weeks if he doesn't pay the fine, and has to pay an additional S\$55,000 in legal costs to Singapore's Attorney General's Chambers, Mr. Loh said.

Mr. Shadrake might not have enough money, his lawyer M. Ravi said in court.

Government lawyers last week asked for a minimum 12 weeks' sentence for Mr. Shadrake, saying he had showed "deliberate intent to damage" the integrity of Singapore's judiciary.

Mr. Ravi had argued a censure would be sufficient as his client had no such intentions.

Contempt of court is punishable in Singapore by imprisonment and fines, with no limits specified.

Mr. Loh said he "would have dealt with [Mr. Shadrake] very dif-

ferently" if the author had apologized and made amends for his contempt—an opportunity offered after the Nov. 3 verdict.

Last week, Mr. Ravi said in court that Mr. Shadrake wouldn't disavow his book, but was willing to say he was sorry "if the sensitivities of the judiciary had been offended."

The book profiles a retired chief executioner, and features interviews on death-penalty cases with rights activists, lawyers and former police.

Government lawyers said last month at Mr. Shadrake's trial that statements in the book constituted "baseless, unwarranted attacks" impugning the judiciary by implying that Singapore courts succumb to foreign political and economic pressure, favor the rich and well-connected, and are being used by the government to suppress dissent.

Mr. Shadrake asked for time to consider an appeal. Mr. Loh granted him a week, meaning he must appear in court again by Nov. 24.

The author declined to comment after Tuesday's hearing on whether he would appeal, but Mr. Ravi said he intends to seek support from the U.K. and European parliaments.

The author is free on bail, and his passport has been impounded.



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EUROPE NEWS

Thailand extradites Russian to U.S.

By JAMES HOOKWAY

BANGKOK—Washington won a protracted battle with Moscow for custody of alleged Russian arms trafficker Viktor Bout on Tuesday, when Thailand extradited him to face terrorism charges in the U.S.

The Thai cabinet approved the extradition Tuesday morning after more than two years of legal wrangling. Mr. Bout, a former Soviet air force officer, was then escorted to a U.S. aircraft and left Bangkok at about 1:30 p.m. local time. Mr. Bout's wife, Alla Bout, said in an interview with Russia's NTV television network that the extradition was "a political decision" that "has no legal basis whatsoever."

Russia's Foreign Ministry denounced the extradition as "illegal," saying it was "the result of unprecedented political pressure put on the government and judiciary of Thailand by the U.S." The ministry said Russia will continue to take measures "to defend the legal rights of V.A. Bout as a citizen of the Russian Federation."

The Obama administration and members of Congress have lobbied Thailand to send Mr. Bout, 43 years old, to the U.S. on charges of using his air-transport business to supply weapons to conflict zones in Africa, the Middle East and South America. Critics have called him the Merchant of Death and he was rumored to have been the inspiration for the Hollywood movie "Lord of War." Suspected clients include Liberia's Charles Taylor and Libyan leader



Alleged arms dealer Viktor Bout, right, is taken to Bangkok airport on his way to the U.S. to face terrorism charges.

Moammar Gadhafi.

Thai authorities, assisted by U.S. agents, arrested Mr. Bout in a sting operation at a luxury Bangkok hotel in March 2008.

The plan took nearly a year to put in place and involved undercover U.S. Drug Enforcement Administration agents luring Mr. Bout to Thailand to finalize a \$5 million deal to sell shoulder-fired missiles to the Revolutionary Armed Forces

of Colombia, or FARC, which the U.S. considers a terrorist group.

Mr. Bout denies trading arms and says he operated a legitimate cargo business that specialized in delivering goods in some of the world's most dangerous places.

Fluent in several languages, he built up the business during the collapse of the Soviet Union two decades ago and has described the terrorism charges he now faces in the

U.S. as a "frame-up."

Analysts say that there is a widespread perception that Mr. Bout—who could spend the rest of his life in prison if convicted—has detailed knowledge of Russia's intelligence operations and that this fueled a tug of war between Russia and the U.S., with Thailand caught in the middle.

Russian government officials were angered by the U.S. attempts

to extradite Mr. Bout, and have complained about the political and diplomatic pressure exerted on Thailand to transfer him into U.S. custody.

The U.S. has applied substantial pressure on Thailand in recent months to ensure Mr. Bout is extradited.

The State Department in August said the U.S. summoned Thailand's ambassador to express Washington's fear that Mr. Bout might be freed. Shortly before the court extradition order, several prominent congressmen wrote to the Thai government warning that relations between the two countries, which are treaty allies, could be damaged if Mr. Bout were released.

A Thai court initially freed Mr. Bout in August 2009, noting Thailand doesn't consider the FARC a terrorist organization.

The U.S. successfully appealed that ruling, and in August of this year a Thai judge ordered Mr. Bout extradited by Nov. 20—a process completed Tuesday.

U.S. State Department spokesman P.J. Crowley said Tuesday that Mr. Bout's extradition over Russia's objections would likely create "ripples" in Moscow's relations with the U.S., but added that any concerns can be managed, the Associated Press reported.

"This will create ripples but not waves," Mr. Crowley said. "There are areas where we agree to disagree and we manage those issues. We will work through any concerns in this instance as well."

Irish leader treads a difficult path

By NEIL SHAH

Irish Prime Minister Brian Cowen faces a delicate balancing act in weighing international aid: Convincing investors and European officials that he is getting help for Ireland's teetering banks while avoiding a full-blown bailout that could erode the political support he needs to stay in power.

European policy makers worry that if Ireland doesn't take some kind of assistance from the European Union or International Monetary Fund, its problems could spill over into other euro members such as Portugal or even much-larger Spain. But accepting outside aid could come at a heavy political price for Mr. Cowen's fragile coalition government, because IMF loans usually require countries to stick to specific budget guidelines and give up some sovereignty.

A backlash against the bailout would come at a bad time for Mr. Cowen's government, which must pass a crucial budget next month with only a tiny majority in Parliament.

Many Irish lawmakers are already bristling at the government's latest plans to rein in the relatively generous Irish state. If Ireland's government failed to pass its budget on Dec. 7, it would be forced to call early elections, potentially rattling investors across the globe.

Investors are already worried. While Ireland's main political parties agree on the need to cut the country's deficit, fears are growing that Mr. Cowen's right-of-center Fianna Fail party, which leads a coalition with only a three-seat majority,



Brian Cowen faces a delicate task: convincing investors and the EU that he is getting help for Ireland's troubled banks, while avoiding a full-scale bailout.

could lose the support of key independent lawmakers or party members before the December vote. Next week, the government is holding a by-election for an empty Parliament seat in Donegal South West—a competition that could shave the government's majority to just two seats. Rising political uncertainty has helped push Ireland's borrowing costs to unsustainable levels in recent weeks.

Some observers still expect Mr. Cowen's government to succeed in passing the budget: Over the week-end, hopes rose that some independent lawmakers and even members of the main opposition party, Fine Gael, could support his efforts.

But the Irish government's effort to appease international investors

and European policy makers could create more political hurdles.

The government now plans to release its long-anticipated four-year budget plan early next week, having earlier sought to delay the plan to avoid fueling tensions among backbenchers, observers say.

Irish officials have already said that they will make €15 billion (\$20.4 billion) of cuts over the next four years, including €6 billion in 2011, to curtail Ireland's deficit, which is projected to surpass 30% of its gross domestic product this year—10 times the euro-zone limit.

But the details of those measures—likely to include higher taxes for low-income workers and possibly a property tax—could further anger Irish lawmakers and erode

support for Mr. Cowen. A bailout by the EU or IMF could make things even worse, especially if strings are attached requiring changes to Ireland's budget.

"The clamor for an early election will be stronger," says David Farrell, professor of politics at University College Dublin. "People will think that this government has completely failed since it was supposed to get us out of the crisis without outside help."

Mr. Cowen isn't required to hold general elections until 2012, though many observers expect new elections next year given the government's low popularity. If elections are held, however, that could raise questions about how Ireland will grapple with its banking and economic woes, sending the country's borrowing costs even higher.

But taking international help could increase pressure on the country to change a key pillar of its economy, its low-tax status.

Other European governments have long grumbled about Ireland's low corporate tax rate, which at 12.5% is the lowest in the 27-nation European Union except for Bulgaria and Cyprus. Ireland's low rate, they complain, unfairly draws businesses to its shores.

Irish officials say their 12.5% rate is vital to the economy, which depends heavily on foreign direct investment and multinational companies that use the country as a European hub.

On Monday evening, Irish Trade Minister Batt O'Keeffe said in London that the government is "fully committed" to the rate, which "will not change."

U.K.'s support is sought for Ireland bailout

Continued from first page that any loan is repaid.

Arriving at the meeting in Brussels, the Dutch finance minister drew a line in the sand. "The IMF should be involved, otherwise we will not give any support," Jan Kees de Jager said.

Ireland is a major U.K. trading partner, and British banks have considerable exposure to Ireland. The country's existing obligations to the IMF and European Commission mean that it would likely be forced to bear part of the burden for an Irish rescue even without making bilateral loans. The U.K. contributes around 5% of the IMF's funds and around 13.6% of the European Commission's lending facility.

The U.K. drew criticism from some European Union countries this past spring for declining to take part in the euro zone's main bailout fund, the European Financial Stability Facility.

"There is an enormous amount of speculation about Ireland at the moment and I don't mean to add to it," U.K. Treasury chief George Osborne said Tuesday when asked about Ireland in Parliament. "The Irish government is taking difficult steps to address its fiscal situation," he said.

In Ireland's parliament Tuesday, Prime Minister Brian Cowen repeated that the country had "not applied to any facility," but allowed that "some people" would like the country to apply for external aid.

—Matthew Dalton, Alistair MacDonald and Quentin Fottrell contributed to this article.

U.S. NEWS

Wholesale prices rose just slightly in October

BY CONOR DOUGHERTY AND LUCA DI LEO

Wholesale prices were mostly tame in October, suggesting U.S. inflation would remain subdued for the time being.

The Producer Price Index, which measures how much manufacturers and wholesalers pay for goods and materials, rose a seasonally adjusted 0.4% for finished goods in October from a month earlier, the Labor Department said Tuesday. The rise was largely due to higher energy prices.

Taking out food and energy prices, which can be volatile from month to month, U.S. wholesale prices fell 0.6%, the sharpest one-month drop in more than four years. Falling prices for cars and light trucks were behind the decline in so-called core producer prices.

The extremely low inflation shown in government reports in recent months was one factor in the Federal Reserve's controversial decision to try to stimulate the economy by printing money and buying government bonds.

Some Fed officials have expressed concern that unless they took action to charge up the economy, the U.S. was at risk of deflation, a debilitating spiral of falling prices and wages. But others remain concerned that the recent surge in commodity prices could eventually translate into higher consumer prices.

Tuesday's report showed most of the recent rise in wholesale prices was driven by energy prices, which climbed 3.7% in October from September, the third consecutive monthly increase and the biggest rise since January.

Separately, the Federal Reserve reported Tuesday that production at U.S. factories, mines and utilities was flat in October. A big fall in utilities output—the result of warmer than usual weather—overwhelmed a jump in the manufacturing sector.

Manufacturing output rose 0.5% in October, following a revised 0.1% increase in September. Mining output fell 0.1% while utilities plunged 3.4% in the month.

The manufacturing sector has been a consistent bright spot through the slow economic recovery that is now a year old. In October there were strong increases in the production of motor vehicles, car parts, electrical equipment, and appliances. Still, manufacturing capacity utilization still remains low by historical standards: It was flat at 74.8% in October compared to the month before, well below the 1972-2009 average of 80.6%.

In the mining sector, capacity utilization slipped 0.1% to 87.9%, while in utilities, it slid to 76.6% from 79.4%.

A separate report Tuesday showed that home-builder confidence increased in November, though builders remained extremely glum. The National Association of Home Builders' housing market index rose to 16 from 15 a month earlier. A score of 50 or better indicates more builders view conditions as good than as poor.

—Jeff Bater contributed to this article.

Fed officials defend bond plan

BY JON HILSENATH

Federal Reserve officials, taken aback by stinging criticism of their decision to print money and buy \$600 billion in Treasury bonds, are counterpunching to defend themselves and, in some cases, to reinforce their commitment to the policy.

Charles Evans, president of the Federal Reserve Bank of Chicago and a strong supporter of the Fed's easing policy, noted in an interview with *The Wall Street Journal* that the weak economy and low inflation warrants the Fed's policy and that more such purchases might be needed in the months ahead if the economic outlook doesn't turn.

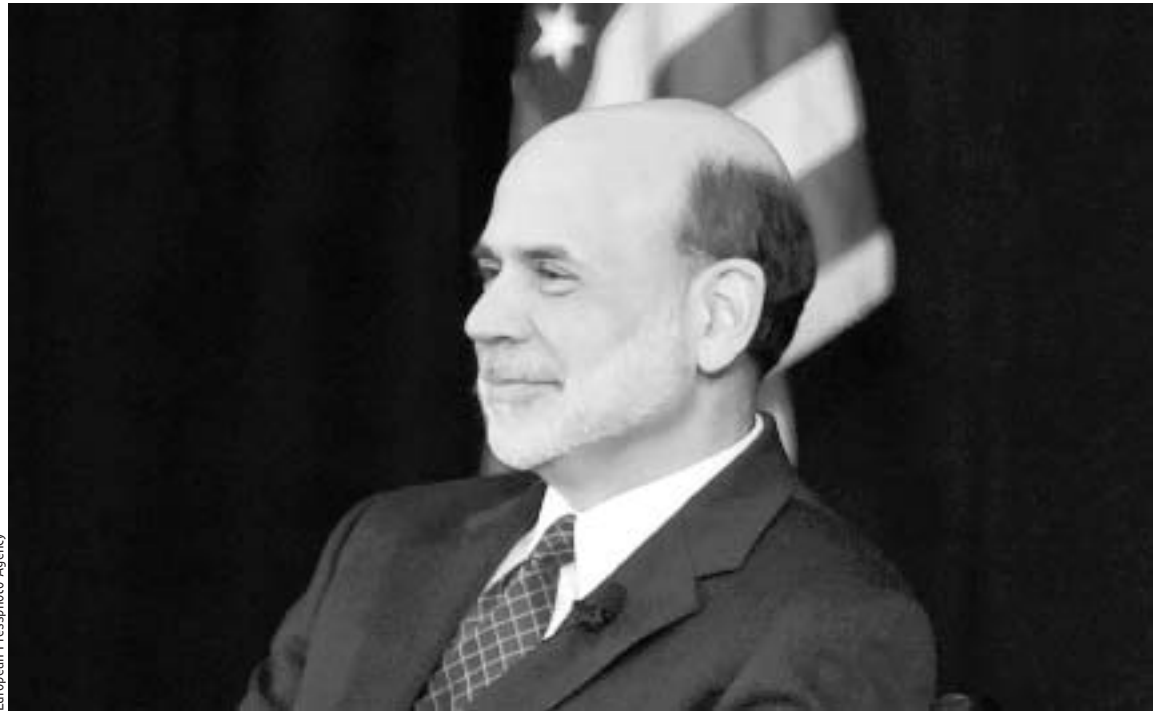
"I would continue to want to apply accommodative monetary policy until I had some confidence that that situation was changing," Mr. Evans said, noting that \$600 billion is a "good place to start" the easing program.

Eric Rosengren, president of the Federal Reserve Bank of Boston and another strong supporter of the easy money policy, echoed those comments: "As long as the economic outlook doesn't improve dramatically I would expect that we will purchase the entire amount," he said, adding, "if the economy were to weaken and we were to get further disinflation and a higher unemployment rate, then we would have to reflect on whether we should take additional action." Disinflation is a decline in inflation.

Their comments came after top Fed officials, including Vice Chairwoman Janet Yellen and New York Fed President Bill Dudley, in earlier interviews with *The Wall Street Journal*, the *New York Times* and *CNBC*, defended the Fed's policy as a needed step for the U.S. economy.

After months of fractious internal debate, the Fed is now in a highly uncomfortable spot. Several officials, including Fed governor Kevin Warsh, Richmond Fed President Jeffrey Lacker and Kansas City Fed President Thomas Hoenig, have in recent days expressed wariness about the program and a willingness to cut it short if there are signs that inflation is picking up too much.

Critics in Congress and abroad



Federal Reserve Chairman Ben Bernanke will speak Friday at a European Central Bank conference in Frankfurt.

complain that the program could stoke inflation or new asset bubbles without doing much to support growth and argue that the Fed should stop. Bond markets, after initially rallying on hopes for the Fed program, have lost some steam. Fundamental disagreements abound about whether commodity-driven inflation or a Japan-like bout of deflation is in store next for the U.S. economy.

The dissonance has helped to cause public confusion about the outlook for the Fed's policy and might have contributed to a selloff in bond and stock markets. Investors listen carefully for clues about what the Fed might do next, and those clues are especially hard to read now.

Pramod Bhasin, chief executive of outsourcing firm Genpact Ltd., said he supported the Fed program but that the central bank communicated its policy "badly" and needed to be clearer about what it was trying to accomplish and how long it would continue.

Criticism of the central bank mounted Tuesday. Sen. Bob Corker, a Tennessee Republican, joined

House Republican Mike Pence of Indiana in calling for the Fed's mandate to be formally narrowed by Congress to focus solely on inflation and not employment, as it is now required by law to do. Fed Chairman Ben Bernanke met privately with Mr. Corker Monday to explain the Fed's recent actions. Mr. Corker said he wanted the Fed to have a "clear and explicit focus" on keeping inflation low. A Fed spokesperson said, "The Federal Reserve is not seeking a change to its statutory mandate," and added the current mandate "is appropriate."

Mr. Evans noted that a narrowed focus on inflation wouldn't change his responses to the economy right now. Inflation is now running at about a 1% annual rate and Mr. Evans noted the Fed's objective is 2%. He said he is inclined to continue to ease policy until inflation is moving back toward the 2% objective. "I really take seriously that our inflation mandate is 2%," he said. "For me we're about a percentage point away." He and others worry deflation could come next if inflation gets too low.

Next up in this increasingly ca-

cophonous debate is Mr. Bernanke himself, who will speak at a European Central Bank conference in Frankfurt on Friday.

German and other foreign officials have attacked the Fed for driving the U.S. dollar lower and stoking commodity price inflation. Mr. Bernanke, who is scheduled to speak about global trade imbalances, could point the finger back at countries with big trade surpluses, including Germany itself, and more notably China, for contributing to the global economy's problems.

Fed and other U.S. officials have been frustrated with the unwillingness of Chinese authorities to allow China's yuan to appreciate more rapidly in line with its fast-growing economy. Its undervaluation, some Fed officials argue, is now putting pressure on other emerging-market economies to keep their currencies lower than they would otherwise be, which is also stoking inflation.

"It would be advantageous if China were to allow its currency to float more freely," Mr. Rosengren said.

—Sudeep Reddy contributed to this article.

Rangel found guilty in ethics case

BY DEVLIN BARRETT

WASHINGTON—A House ethics panel found Democratic lawmaker Charles Rangel guilty of 11 of the 13 counts of House ethics violations lodged against him. The New York congressman wasn't in the hearing room when the announcement was made Tuesday.

"This has been a difficult assignment," said the chairwoman of the panel, Rep. Zoe Lofgren (D., Calif.), as she announced the decision. "We have tried to act with fairness led only by the facts and the law, and I believe that we have accomplished that mission."

The panel of eight lawmakers reached its decision midway through a second day of closed-door deliberations. As the long-anticipated disciplinary hearings began Monday, Mr. Rangel walked out in protest, saying he no longer had a lawyer, and shouldn't be forced to proceed until he could raise money



Rep. Charles Rangel on Monday.

to hire one.

The panel deadlocked 4-4 on one charge: whether Mr. Rangel's effort to raise money for a college center named after him constituted an attempt to get a personal benefit. Mr. Rangel had denied that he gained personally from having such a center named in his honor, and some

Democrats on the panel had appeared sympathetic to that argument.

On another charge, the panel found the allegations were already covered in a previous count. Both of those counts revolved around Mr. Rangel's use of congressional stationery to solicit funds for the college center in his home district.

There was "clear and convincing evidence" to support the other 11 counts, Ms. Lofgren said, running through the list.

The panel's findings: Mr. Rangel failed to accurately report his assets as required by House rules. Mr. Rangel improperly used a rent-stabilized apartment in Harlem as a campaign office. Mr. Rangel improperly used congressional staff and stationery to try to raise money for a college center in his name.

Mr. Rangel issued a statement decrying the ethics panel's findings and its decision not to give him more time to find a new lawyer.

"While I am required to accept the findings of the Ethics Committee, I am compelled to state again the unfairness of its continuation without affording me the opportunity to obtain legal counsel as guaranteed under the U.S. Constitution," he said.

The panel's conclusions, he said, "are even more difficult to understand in view of yesterday's declaration by the committee's chief counsel, Blake Chisam, that there was no evidence of corruption or personal gain in his findings."

The case now goes to the full 10-person ethics committee to make a recommendation on punishment. Ms. Lofgren didn't say how soon that would occur. The recommendation must be voted on by the full House. The most likely punishment is reprimand, but it is possible he could also face censure, which is more severe.

—Patrick O'Connor contributed to this article.

U.S. NEWS

University professor lets art project go to his head

By ERICA ORDEN

Students long have complained about teachers with eyes on the back of their head.

A New York University photography professor is going one further by implanting a camera in the back of his head.

The project is being commissioned by a new museum in Qatar. But the work, which would broadcast a live stream of images from the camera to museum visitors, is sparking a debate on campus over the competing values of creative expression and student privacy.

Wafaa Bilal, an Iraqi assistant professor in the photography and

imaging department of NYU's Tisch School of the Arts, intends to undergo surgery in coming weeks to install the camera, according to several people familiar with the project.

For one year, Mr. Bilal's camera will take still pictures at one-minute intervals, then feed the photos to monitors at the museum. The thumbnail-size camera will be affixed to his head through a piercing-like attachment, his NYU colleagues say. Mr. Bilal declined to comment for this article.

The artwork, titled "The 3rd I," is intended as "a comment on the inaccessibility of time, and the inability to capture memory and expe-

rience," according to press materials from the museum, known as Mathaf: Arab Museum of Modern Art. Mr. Bilal's work would be among the inaugural exhibits of Mathaf, scheduled to open next month.

Because Mr. Bilal is an active professor, teaching three courses this semester and scheduled to teach this spring, his special camera could capture not just his personal activity, but also his interactions with students.

That possibility, of exposing private encounters without participants' consent, has raised concerns among NYU administrators and faculty.

"Obviously you don't want students to be under the burden of constant surveillance; it's not a good teaching environment," said Fred Ritchin, associate chairman of the department.

After Mr. Bilal received the commission, he informed the department chairwoman, Deborah Willis, of his project in January. "I said, what if students are upset?" Ms. Willis recalled. "What if you're documenting what they don't want you to see?"

Ms. Willis and Mr. Bilal brought the issue to the attention of the deans, Ms. Willis said, and Mr. Bilal presented the concept for his project at a faculty meeting several months ago, according to a university spokesman, John Beckman.

"It's fair to say that a good deal of discussion ensued," Mr. Beckman said. The school is still determining what rules it will set for Mr. Bilal and his camera on campus.

During the course of the discussions, Mr. Bilal has informed all of his students of his plans and has agreed to cover the camera with a black lens cap while on university property, according to Mr. Ritchin. Another proposal would require him to turn off the camera while in NYU buildings, Mr. Beckman said.

Mr. Bilal's personal activity is a separate matter, of course. "I guess anybody accepting a dinner invitation will have to realize that certain things will be going on," Mr. Ritchin said.

While Mr. Bilal's project represents a novel challenge for NYU, it is hardly the first time his work has caused a stir.

For a 2008 project, "Virtual Jihad," Mr. Bilal hacked a videogame to insert an avatar of himself as a suicide-bomber hunting President George W. Bush. The work incited a wave of protests, both for and against it, and eventually the New York Civil Liberties Union filed a lawsuit in Mr. Bilal's defense after the exhibition was shut down. In his 2007 work, "Domestic Tension," Mr. Bilal invited the public to visit a website where they could "shoot" the artist by remotely firing a paintball gun at him.

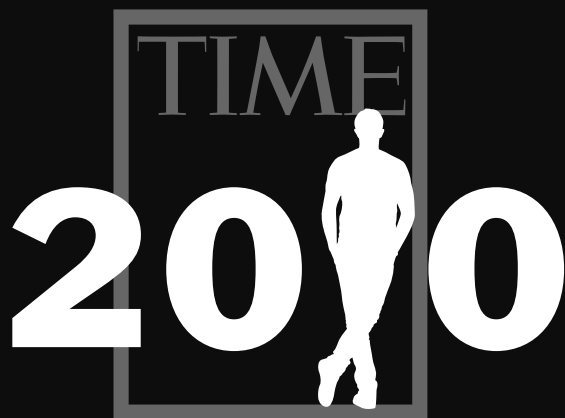
The new museum where Mr. Bilal's camera-based work is to be shown is overseen by the Qatar Museums Authority, whose other projects include the National Museum of Qatar and the Museum of Islamic Art, which opened in 2008.

A curator of the exhibition that includes Mr. Bilal's work says the artist defies categorization. "He's not really a photographer, he's not really a video artist, he's not really a performance artist," curator Till Fellrath said.



Associated Press

Wafaa Bilal of New York University plans to have a camera implanted in the back of his head that will beam the photos it captures to a museum in Qatar.



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U.S. NEWS



Bloomberg (Leer), Associated Press (McComb), Reuters (George)

From left, Arch Coal's Leer, Liz Claiborne's McComb and Harvard business professor George, formerly CEO of Medtronic.

CEOs cite U.S. policies as hurdle to investment

BY ELIZABETH WILLIAMSON AND JOANN S. LUBLIN

WASHINGTON—Chief executives, gathered here after an election in which unemployment was a paramount issue, said more certainty about government policy on taxes and regulation could help unlock \$2 trillion in cash sitting in the treasuries of U.S. businesses.

Obama administration officials used Tuesday's event, the Wall Street Journal CEO Council, to continue an overture to the business community that the president launched after a bruising election in which Democrats criticized U.S. multinationals for failing to contribute adequately to economic growth. They were led by Treasury Secretary Timothy Geithner and outgoing National Economic Council director Larry Summers.

With Republicans taking control of the House, Barack Obama's administration is searching for common ground with business on job creation. But the tensions between many business leaders and the administration were evident at the event, as were larger issues, particularly the rising economic power of China.

U.S. businesses "don't have the confidence to hire in the United States of America until we can be-

lieve that the government, the private sector and financial institutions are working together and connected again to pick up the mantle of growth," Robert Diamond, chief executive of Barclays PLC, said during a session that included Mr. Summers.

Mr. Geithner told CEOs that resolution of the heated debate between Democrats and Republicans over extending a package of individual and corporate tax cuts was key to job growth.

"It is not a sensible way to run a country to have this magnitude of tax issues left to annual uncertainty," he said.

Elsewhere in Washington, Mr. Geithner's words were echoed by the top Republican on the House's main tax-writing committee. "The continued practice of dealing with expired and expiring tax policies after the leaves have begun to fall isn't fair to taxpayers and doesn't inspire much confidence in Washington," Rep. Dave Camp (R., Mich.) the likely next chairman of the Ways and Means Committee, said in a speech to the Tax Council.

Taxes were a recurrent theme for CEOs. Bausch & Lomb CEO Brent Saunders said uncertainty about new rules on repatriating foreign profits, the issue that first pitted businesses against the Obama White

House, means "we're being a little more tentative on whether or not you want to move a plant, or invest." He said that in board and executive meetings, managers spend more time than they should creating contingency plans based on shifting U.S. policy.

William W. George, a former chief executive of Medtronic Inc., suggested 100% depreciation on capital equipment through 2012 and a reduction in the 35% repatriation tax rate to 20% for businesses that "invest in tangible assets." A lower repatriation tax rate "would have a direct [positive] trade-off," Mr. George said in an interview Tuesday morning.

He is now a management practice professor at Harvard's business school and sits on the boards of Exxon Mobil Corp. and Goldman Sachs Group Inc.

Liz Claiborne Inc. Chief Executive William McComb, an Obama supporter, said the drag on hiring is two-pronged. Businesses fear new regulations and taxes, Mr. McComb said, but they also are holding back on investment because of erratic consumer buying habits, betraying Americans' lack of confidence that Washington is engaged on the economy.

—Siobhan Hughes contributed to this article

U.S. tax-cut agreement is 'likely'

Continued from first page

He said countries had asked whether the U.S. had "lost the capacity to manage our affairs prudently," and "that's partly why we've worked so hard and so quickly to make sure we addressed the biggest" issues.

On the Federal Reserve's controversial new plan to buy as much as \$600 billion in government bonds and other assets, he declined to comment specifically. He did say, though, that the country shouldn't rely solely on the Fed to shoulder the economic recovery.

"We do not want to be in a position where you leave the [responsibility] for solving these problems on the central bank," Mr. Geithner said. "There are things the central bank can do, and there are things the central bank cannot do."

He said the "ideal mix of poli-

cies" for the government right now would "combine a set of reforms" that bring down the deficit over the long term while also providing a short-term boost to growth. He cited recent proposals from the White House to spur business investment as one option.

Mr. Geithner said the country's long-term debt problems were being exacerbated by future health-care costs and the aging population, adding that the administration was awaiting proposals from Democrats and Republicans on how to address the issue.

"It's difficult. It's not going to be easy," he said. "We are going to let that process play out."

On the fiscal situation in Europe, Mr. Geithner declined to comment on how European officials should address concerns about the stability of Ireland and Portugal. But he did

say that Europe had learned painful lessons from its slow response to recent concerns about Greece, and that the European Union now had strong tools to address any problem quickly.

"The lessons of that experience" were that you want to act quickly and decisively and not wait, he said.

Mr. Geithner outlined what he saw as several bright spots in the economy. He said household savings had increased, private investment was growing "very rapidly," exports were "performing very well" and productivity had been strong.

Still, he said growth hadn't been robust enough and more must be done.

"We're still not growing fast enough coming out of this," he said, and the Obama administration is looking to "provide an initial spark" to kick-start private investment.

Senate Republicans near 'earmark' ban

BY NAFTALI BENDAVID

WASHINGTON—In a swift victory for tea-party activists, the Senate's top Republican agreed Monday to a plan to ban GOP members from proposing "earmarks" for spending bills, suggesting that what was once a core part of legislating has now become politically unacceptable.

Earmarks, or spending items tucked into legislation by individual lawmakers, had long been defended by leading Republican and Democratic lawmakers. But now, Sen. Mitch McConnell, the Senate Republican leader, has reversed his longstanding support for the practice and said the public would no longer accept it.

Many conservatives who won in the recent election have attacked earmarks as a symbol of congressional favoritism and horse-trading. Earmarks were attacked in campaign commercials and have figured largely in the widespread public disgust with congressional spending.

Earmarks connected to the so-called bridge-to-nowhere project in Alaska and the influence-peddling scandal involving lobbyist Jack Abramoff stoked public opposition to the practice in the past decade. Reformers on the left and right have fought earmarks for years. Earmarks are opposed by President Barack Obama, as well as the tea-party movement.

Monday's announcement won't ban earmarks by law. It will be a rule governing Senate Republicans and expire at the end of the next Congress in January 2013, unless it is renewed.

Senate Democrats showed no inclination to match the Republicans' move. "It's up to each senator whether or not they will support congressionally directed funding to their state," said Jim Manley, a spokesman for Senate Majority Leader Harry Reid of Nevada. He added: "Sen. Reid makes no apologies for delivering for the people of Nevada."

Some senior Republicans still defend earmarks, saying, among other things, that the Constitution gave Congress the power of the purse, and that barring earmarks shifts more power over spending decisions to Mr. Obama and the executive branch.

Mr. McConnell was a leading defender until Monday, creating tensions within the party and in particular with Sen. Jim DeMint (R., S.C.), a big figure in the tea party. But in his first speech on the Senate floor

since the election, Mr. McConnell capitulated.

"I know the good that has come from the projects I have helped support throughout my state," said Mr. McConnell, a Kentuckian. "I don't apologize for them. But there is simply no doubt that the abuse of this practice has caused Americans to view it as a symbol of the waste and the out-of-control spending that every Republican in Washington is determined to fight."

There is debate over whether earmarks increase federal spending or simply affect the allocation of federal dollars. Mr. McConnell and Sen. James Inhofe (R., Okla.) insist they do not add a single dollar to the deficit.

Others say the earmark process increases spending above what it would otherwise be. The \$15.9 billion in earmarks made in the fiscal year that ended Sept. 30 amounted to about 1% of discretionary spending, the part of the budget that Congress controls on an annual basis.

Mr. McConnell's move was in part an attempt to shift the focus from divisions among Republicans on a contentious issue to distinctions between Democrats and the GOP. House Republicans also ban earmarks, but Senate Democrats have no earmark ban, and House Democrats have a limited one.

Mr. Obama applauded Mr. McConnell's action on Monday. The earmark issue provides the president with a way to say he is changing how Washington works, and it offers an area of agreement with top Republicans.

With lawmakers returning Monday for a lame-duck session and organizational meetings for the next Congress, many lawmakers have been curious about how the power of tea-party members and other conservative activists would match up against Washington's longtime way of doing business.

Monday's development suggests the activists' power did not end with the election. Another test will come early next year when Congress decides whether to increase the nation's debt limit—something supporters say is necessary for the nation to meet its obligations, but which many victorious Republicans promised to oppose.

Asked if there was any move afoot among Senate Democrats to ban earmarks, departing Sen. Ted Kaufmann (D., Del.) laughed and said, "Not that I know of."

—Janet Hook contributed to this article.

Hey, big spenders

Top Senate earmark recipients in FY2010; amounts in millions

Thad Cochran (R., Miss.)	\$497.6
Daniel Inouye (D., Hawaii)	392.4
Roger Wicker (R., Miss.)	368.0
Robert Byrd* (D., W.Va.)	292.0
Tom Harkin (D., Iowa)	267.6
Chuck Schumer (D., N.Y.)	243.5
Carl Levin (D., Mich.)	243.1
Harry Reid (D., Nev.)	222.8
Patty Murray (D., Wash.)	219.5
Dianne Feinstein (D., Calif.)	211.3

*Died in June Note: Figures include earmarks for which the individuals had joint sponsorship Source: Taxpayers for Common Sense

WORLD NEWS

Paths of Myanmar opponents diverge

By WSJ Reporters

Leaders of two opposition groups in Myanmar said they intend to work with recently released democracy advocate Aung San Suu Kyi to challenge the country's ruling military regime but also plan to participate in the government's new parliament when it is formed, a decision that could lead to further divisions in Myanmar's opposition movement.

Opposition groups that took part in the Nov. 7 election fared worse than they had expected. Although the government has only gradually released results, state media have said the Union Solidarity and Development Party, considered a proxy for Myanmar's military regime, easily secured a majority in both houses of Parliament.

A leader of the National Democratic Force, a splinter group of Ms. Suu Kyi's National League for Democracy party and the largest opposition party to participate, said it won just 16 of the roughly 1,150 seats at stake in Myanmar's national Parliament and several regional assemblies. It contested 163 seats. A representative of the Democratic Party, one of the other main opposition groups in the polls, said it won only five seats out of the nearly 50 it contested.

Ms. Suu Kyi's political allies had encouraged opposition leaders to boycott the vote, Myanmar's first in 20 years, because they believed participation by any opposition figures would lend legitimacy to a process



Cho Cho Kyaw Nyein, left, of Myanmar's Democratic Party, and Khin Maung Swe, right, of the National Democratic Force.



they say was designed to entrench the military regime, which has controlled the impoverished Southeast Asian nation since 1962.

Among dissidents who contested the polls anyway, some candidates advocated closer collaboration with the military regime, arguing that participating in the vote would at least give them a seat at the table once a new government was formed.

It wasn't possible to confirm the results with the Myanmar government. Repeated attempts to reach Myanmar officials, who rarely speak to the foreign media, have been un-

successful in recent weeks.

Ms. Suu Kyi's release on Saturday, an apparent bid by the regime to curry favor with foreign leaders who have long sought her freedom, was hailed by human-rights advocates and residents who embrace her calls for Western-style democracy.

But analysts have predicted Ms. Suu Kyi will have a tough time unifying an opposition movement that has become more fragmented since she last was placed under house arrest in 2003. Much of the debate within the movement revolves

around whether to work with the regime and its new Parliament or reject the election and call for an entirely new government.

"The election was a sham," said Cho Cho Kyaw Nyein, general secretary of the Democratic Party, who ran—and lost—in the election. It "was definitely not fair," she said, citing widespread allegations of fraud, which the government has denied. Nevertheless, the party still plans to take its five seats and participate in the new government, she said. As for Ms. Suu Kyi, she said her party hopes to meet with her in

the coming weeks to discuss whether Ms. Suu Kyi and the Democratic Party can work together.

"We are very friendly personally but when it comes to politics one never knows what she is going to do," Ms. Cho Cho Kyaw Nyein said. "Our goal seems to be the same, although we are walking in different paths."

Khin Maung Swe, leader of the National Democratic Force, said he also thought the vote "was not a free and fair election." Still, "we will not boycott the Parliament," he said, though he added the group also needs to meet with Ms. Suu Kyi before making final decisions on how to proceed.

Myanmar's military regime, which is accused of widespread human-rights violations, held the election as part of a "road map to democracy" aimed at boosting its legitimacy in the eyes of residents and the outside world. Ms. Suu Kyi's NLD easily won the country's last election, in 1990, but the military ignored the results. It imprisoned many dissidents and kept Ms. Suu Kyi, a winner of the Nobel Peace Prize, in detention for more than 15 of the past 21 years.

Ms. Suu Kyi has indicated she wants her party to study reports of vote fraud but it isn't clear whether she will accept the new Parliament. Nyan Win, a spokesman for Ms. Suu Kyi's political organization, said she was only "beginning" to look at the issue of how to work with the newer crop of political parties and could start meeting with them next week.

Haiti cholera riots spread Auditor condemns India's wireless sale

Associated Press

PORT-AU-PRINCE, Haiti—Anti-United Nations riots spread to several Haitian cities and towns, as protesters blaming a contingent of Nepalese peacekeepers for an outbreak of cholera that has killed more than 1,000 people exchanged gunfire with U.N. soldiers. Protesters continued to barricade some roads on Tuesday.

The protests left at least two people dead. A demonstrator was shot dead by a U.N. peacekeeper during an exchange of gunfire in Quartier Morin, near Haiti's second-largest city of Cap-Haïtien, the United Nations mission said. It said it was investigating the shooting but said the soldier acted in self-defense.

Haiti Senate President Kelly Bastien told Radio Vision 2000 that a second demonstrator was shot and killed in Cap-Haïtien itself. He didn't know who shot the man.

The country's health ministry said Tuesday that the official death toll from cholera had passed 1,000, hitting 1,034 as of Sunday. Figures are released following two days of review.

Aid workers say official figures may understate the epidemic. While the ministry of health says more than 16,700 people have been hospitalized nationwide, Doctors Without Borders reports that its clinics alone have treated more than 12,000.

Officials said investigations to determine if the protesters' suspicions—that the disease originated with U.N. peacekeepers—are correct will have to wait. The U.N.'s World Health Organization said in Geneva

on Tuesday that efforts should focus on controlling the disease, not determining where it came from.

WHO spokesman Fadela Chaib told reporters that "at some time we will do further investigation but it's not a priority right now."

The U.N.'s spokeswoman in Geneva, Corinne Momal-Vanien, described the suspicion that Nepalese troops were to blame for the outbreak as "misinformation."

The cholera backlash plays upon some Haitians' longstanding resentment of the 12,000-member U.N. military mission, which has been the dominant security force in Haiti since 2004. It is also rooted both in fear of a disease previously unknown to Haiti and internationally shared suspicion that the U.N. base could have been a source of the infection. Cholera had never been documented in Haiti before it broke out about three weeks ago.

Suspicions quickly surrounded a Nepalese base located on the Artibonite River system, where the outbreak started. The soldiers arrived there in October following outbreaks in their home country, and about a week before Haiti's epidemic was discovered.

The U.N. force reported that at least six U.N. personnel were wounded in protests at Hinche in the central plateau, while local Radio Metropole reported that at least 12 Haitians were injured in Cap-Haïtien.

The protests apparently began in Cap-Haïtien early Monday, and within hours had paralyzed much of the northern port city. An APTN television cameraman trying to reach the area was repelled by pro-

testers throwing rocks and bottles from a barricade.

As the day went on, other protests broke out in surrounding towns and the central plateau. Local reporters said a police station was burned in Cap-Haïtien and rocks were thrown at peacekeeping bases. A small protest was also reported in the northwestern city of Gonaïves, but U.N. police said it ended peacefully.

The U.N. Stabilization Mission in Haiti, or Minustah, dismissed the protests as politically motivated, linking them to the approaching Nov. 28 presidential elections.

"The way events unfolded suggests that these incidents were politically motivated, aimed at creating a climate of insecurity on the eve of elections. Minustah calls the people to remain vigilant and not be manipulated by enemies of stability and democracy in the country," the mission said in a statement.

The U.S. Centers for Disease Control and Prevention found the cholera strain ravaging the country matched a strain specific to South Asia, but said they hadn't pinpointed its origin or how it arrived.

Following an Associated Press investigation, the U.N. acknowledged that there were sanitation problems at the base, but said its soldiers weren't responsible for the outbreak. Transmitted by feces, the disease can be all but prevented if people have access to safe drinking water and wash their hands.

But sanitary conditions are poor in much of Haiti and the disease has spread to nearly all the country's major population centers, including the capital, Port-au-Prince.

Auditor condemns India's wireless sale

By ROMIT GUHA
AND MUKESH JAGOTA

MUMBAI—An Indian government auditor condemned the telecommunications ministry's handling of a landmark allocation of mobile telephone spectrum, saying it caused more than \$38.9 billion in lost potential revenue for the government.

The 76-page report by the Comptroller and Auditor General of India, presented to Parliament on Tuesday, said the allocation of second-generation radio bandwidth had flouted "every canon of financial propriety, rules and procedures." It noted that the allocation in 2008 used the same fixed rates for bandwidth as were used in 2001 despite India's rapid economic growth in the intervening period.

The allegations over the mishandling of the spectrum allocation forced the resignation of Andimuthu Raja as telecommunications minister last weekend. He was the latest government official to quit under pressure.

Recently, the government also accepted the resignation of Commonwealth Games Organizing Committee Chairman Suresh Kalmadi from a parliamentary post over allegations of wrongdoing in the run-up to the athletic event that was held in New Delhi in October. Maharashtra Chief Minister Ashok Chavan resigned over questions about his role in the allotment of apartments intended for war veterans and widows in Mumbai. All three men deny

wrongdoing. Mr. Raja couldn't be reached to comment Tuesday.

The scandals have ground the workings of Parliament to a halt. The flawed process is also a black mark for India's telecom revolution. India, with more than 670 million users, is the second-largest market for wireless services, behind only China.

The Comptroller and Auditor General said the second-generation bandwidth-allocation process lacked transparency and was undertaken in an arbitrary, unfair and inequitable manner. It noted that some license recipients received spectrum at "unbelievably low prices," and that soon after significant stakes were sold to foreign companies at huge premiums.

The CAG said that as many as 85 of 122 new licenses, which were bundled with the bandwidth allocation, were issued to ineligible companies that didn't have the required capital to seek bandwidth.

The telecom department also "arbitrarily" changed the cutoff date for applying for bandwidth to Sept. 25, 2007, from Oct. 1, 2007, to favor some companies that had applied earlier, while leaving others out, the audit body said.

In calculating the government's missed revenue, the audit body said it used a combination of the value of bandwidth sold in May for third-generation services, scarcity of bandwidth, competition in the sector and growth in the economy, among other factors.