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The West's enduring legacy of Soviet Constructivism

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Go online on your flight, but keep it quiet

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Another frozen landscape for Arsenal's Russian prize

SPORTS 18



Rick Rycroft/The Associated Press

Australia suffers deadliest wildfires in its history

Homes destroyed by fire in Kinglake, northeast of Melbourne, on Sunday. Towering flames have razed entire towns, and the death toll has risen to over 80. Page 3

What price vanity plates?

Market in Hong Kong withers in downturn

By Bettina Wassener

HONG KONG: You know that the global financial crisis has hit this once-booming city hard when Hong Kong's wealthy skimp on their cars.

The clearest sign yet was Saturday, when a monthly auction of personalized license plates raised a mere 8.7 million Hong Kong dollars, or \$1.1 million, for a government charity fund. That may sound like a lot of money, but remember, Hong Kong is a city so obsessed with cars that many owners have domestic helpers who wash them every day. During the same month last year, when times were better, the auction fetched 33.7 million dollars.

At Saturday's auction, amid the somber, cavernous gloom of Room 601 in Hong Kong's convention center, the highest price paid for a single plate was 1.7 million dollars for the lucky number "2318." Just a year ago, an electronics entrepreneur paid a record, 16.5 million dollars for "18," a distant memory of the boom days before the recession.

As job losses rise in the financial industry, as industrialists close their factories across the border on the mainland and the global downturn drags on, even shopping-mad Hong Kongers are reining in their spending.

At an auction in January, plates like BACK OFF and THANK YOU went for less than 20,000 dollars each. MY CAR, which had been expected to be

the star of that show, went under the hammer for a bargain-basement 40,000.

"I'm surprised how little some of these plates are fetching," said Man Hon Ngan, director of Lucky Number, a dealer specializing in license plates. Last month, he snapped up a plate reading simply MF, which went under the hammer for 130,000.

He also walked away with the registration mark HL for 80,000 — and had been prepared to pay as much as 380,000. "Before, two-letter plates like this would have cost a minimum of 300,000," he said.

The popularity of what is the ultimate not-must-have car accessory is typical of the type of playful wealth display that Hong Kongers love: Those who can afford an expensive car love to individualize it, to set themselves apart from the seven million-strong Hong Kong crowd. And if the plate can somehow bring in numbers considered lucky in China — 8 is best of

all — so much the better. And so these auctions speak volumes about Hong Kong's — and China's — unique and complex spending environment.

Five of the world's 10 most expensive license plates ever were bought in Hong Kong, according to Regtransfers.co.uk, the largest independent dealer in Britain of personal-

PLATES, Continued on Page 14



Christie Johnston for the IHT
William Chu, a personalized-plate dealer, got some deals.

New U.S. plan to help banks shed bad assets

By Stephen Labaton

WASHINGTON: After weeks of internal debate, the Obama administration has settled on a plan to inject billions of dollars of fresh capital into banks and entice investors to purchase their most troubled assets.

The new financial industry rescue plan, to be outlined in broad terms on Monday in a speech by Treasury Secretary Timothy Geithner, will not require banks to increase their lending. That is despite criticism that institutions that already received money from the Troubled Asset Relief Program, or TARP, either hoarded it or used the funds to acquire other banks.

The incentives to investors could be in the form of commitments to absorb some of the losses from any assets they purchase, should their values continue to decline. The goal is to relieve the banks of their worst assets so that private investors might then provide more capital.

Officials hope that that part of the plan is not labeled a "bad bank" administered by the government, although they expect that some might call it that.

No matter what it is called, the government would assume some of the risk of declining assets at the heart of

SENSE ON SALARIES President Barack Obama's limit on compensation for firms that get government assistance is sound politics. *Albert R. Hunt, Page 2*

BAILOUT NEEDS TIGHTENING It's more taxpayer money down the drain. *Gretchen Morgenson, Page 13*

SELLING THE PLAN Obama is traveling to three states to lobby for the economic stimulus plan. *Page 11*

the economic crisis. But by relying on a combination of private investors and government guarantees, the administration hopes to reduce its exposure to losses and avoid the problem of having to place a value on assets that the institutions have been unable to sell.

A central element of the plan would be a major expansion of a lending facility begun in November by the Federal Reserve Bank of New York when it was headed by Geithner. The program, which was initially financed by \$200 billion in U.S. Federal Reserve Board money and \$20 billion in seed capital from the \$700 billion bailout fund, lent money to investors to buy securities backed by student, auto and credit card loans, as well as loans guaranteed by the Small Business Administration.

Obama administration officials say they have rejected nationalizing institutions by taking large ownership stakes. They also will not immediately seek additional money from Congress beyond the \$350 billion left in the TARP fund.

With reports of lavish executive pay, extravagant corporate retreats and expensive office renovations at some of the institutions receiving assistance, political support for the program has sharply eroded in recent weeks. And as the White House has put forward a stimulus package of about \$800 billion, there is recognition that Congress will very likely balk now at another request for bailout money.

But lawmakers said they expected the administration to seek more money for the rescue program later this year.

The banking plan will involve a close review of financial institutions, possibly including a test to measure whether they have enough resources to weather the stress of a continued eco-

BAILOUT, Continued on Page 14

A diplomat 'larger than life,' with a job to match

Tackling U.S. policy in toughest terrain

By Jodi Kantor

Stashed in a drawer in his New York apartment between snapshots of family vacations, a photograph shows Richard Holbrooke on a private visit to Afghanistan in 2006. He is mugging atop an abandoned Russian tank, flashing a sardonic V-for-victory sign and his best Nixon-style grin. The pose is a little like Holbrooke himself: looming, theatrical, passionate, indignant.

Three years later, he has inherited responsibility for the terrain he surveyed from that tank. As President Barack Obama's special representative to Afghanistan and Pakistan, Holbrooke will help reformulate and carry out U.S. policy in what many call the most problematic region on earth.

Between them, the two countries contain unstable governments, insurgencies; corruption and a narcotics trade; nuclear material; refugees; resentment of U.S. power; a resurgent Taliban; and in the shadows of the tribal region that joins the two countries, Al Qaeda and presumably Osama bin Laden.

"You have a problem that is larger than life," said Christopher Hill, a longtime colleague expected to be named as the new ambassador to Iraq. "To deal with it you need someone who's larger than life."

Few other diplomats can boast of the accomplishments of Holbrooke, 67, who negotiated the Dayton peace accords to end the war in Bosnia.

But as he lands in Pakistan on Monday, back on duty after eight years of a Republican administration, he is still an outsider in the Obama circle, having only recently developed a relationship with the new president. His longtime foreign-policy pupil, Hillary Rodham Clinton, has the secretary of state job he has always wanted. And he has taken on a task so difficult that merely averting disaster may be the only triumph.

"We are still in the process of digging our way into the debris," Holbrooke said in an interview. "We've inherited an extraordinarily dysfunctional situation in which the very objectives have to be reviewed."

Obama and Clinton chose Holbrooke because of his ability to twist arms as well as hold hands, work closely with the military and improvise inventive solutions to what others write off as insoluble problems. But no one yet knows how his often pyrotechnical style — he whistles, but also pesters, bluffs, threatens, stages fits and publicizes — will work in an administration that

HOLBROOKE, Continued on Page 6

TALIBAN CLAIMS TO KILL POLE A spokesman for the group says it has slain a kidnapped engineer. *Page 3*

Karzai finding less favor with U.S.

Afghans' support waning, too, but he aims to hold on

By Dexter Filkins

KABUL: A foretaste of what would be in store for President Hamid Karzai after the election of a new American administration came last February, when Joseph Biden Jr., then a senator, sat down to a formal dinner at the palace during a visit here.

Between platters of lamb and rice, Biden and two other American senators questioned Karzai about corruption in his government, which, by many estimates, is among the worst in the world. Karzai assured Biden and the other senators that there was no corruption at all and that, in any case, it was not his fault.

The senators gaped in astonishment. After 45 minutes, Biden threw down his napkin and stood up. "This dinner is over," Biden announced, according to one of the people in the room at the time. And the three senators walked out, long before the appointed time.

Today, of course, Biden is the vice president.

The world has changed for Karzai, and for Afghanistan, too. A Bush White House favorite — a celebrity in flowing cape and dark gray Afghan hat — in each of the seven years that he has led this country since the fall of the Taliban, Karzai now finds himself not so favored at all. Not by Washington, and not by his own country.

In the White House now, President Barack Obama said he regarded Karzai as unreliable and ineffective. Secretary of State Hillary Rodham Clinton said he presided over a "narco-state." The Americans making Afghan policy, worried that the war is being lost, are vowing to bypass Karzai and deal directly with the governors in the countryside.

At home, Karzai faces a widening insurgency and a population that blames him for the manifest lack of economic progress and the corrupt officials who seem to stand at every doorway of his government. His face, which once adorned the walls of tea shops across the country, is today much less visible.

Now, perhaps crucially, an election looms. Karzai says he will ask the voters to return him to the palace for another five-year term. The election is set for Aug. 20, after what promises to be a violent and eventful summer. In a poll commissioned by a group of private Afghans, 85 percent of those surveyed said they intended to vote for someone other than Karzai.

Meanwhile, the Obama administration will have to decide what it wants from Karzai as it tries to make good on its promise to reverse the

KARZAI, Continued on Page 6

Foreign owners revitalize press in Eastern Europe

Companies based in Germany and Switzerland, sometimes facing threats and attacks, have introduced investigative reporting and raised the credibility of journalism in a region where the model had been local tycoons buying up newspapers and magazines to serve their own interests. *Page 11*

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Pool photo by Ron Sachs
The first lady pitched the stimulus bill.

Not a stay-at-home mom, first lady pushes policy

In her first weeks in the White House, Michelle Obama has been the gracious hostess and spouse, welcoming visitors to the Executive Mansion. But in a departure from her predecessor, Obama has also promoted bills that support her husband's policy priorities. *Page 4*

Biden leaves room for a missile deal

The United States will pursue a missile defense plan that has angered the Kremlin, Vice President Joseph Biden Jr. said over the weekend in Munich, but he also left open the possibility of compromise on the issue. His speech at a security conference attended by global leaders was seen as the first major outline of the new administration's relations with the world. *Page 4*

Bartering is back in Russia

In a sign of the financial times in Russia, barter transactions, which accounted for 75 percent of sales for large enterprises in the mid-1990s, are making a comeback. *Page 4*

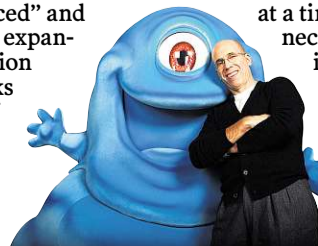
Italian tourist pops up in Iraq

Flustered authorities discovered Luca Marchio arriving in still-tense Falluja on a public minibus. He said he "wanted to see the most important cities in the country." *Page 6*

Cartoon studio's chief sees a bargain

Jeffrey Katzenberg, co-founder and chief executive of DreamWorks Animation, says the studio's stock is "woefully underpriced" and highlights its ongoing expansion, including television shows and theme parks and the fact that all of its forthcoming movies will be in 3-D. "This company is a

flower that is just beginning to blossom," he says. But investors are skeptical at a time when bigger isn't necessarily seen as better in the entertainment business. *Page 11*



Steve Goldstein for NYT

SPIELBERG DEAL The Walt Disney Co. may distribute the director's films. *Page 13*

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