

INTERNATIONAL Herald Tribune

THE GLOBAL EDITION OF THE NEW YORK TIMES

THURSDAY, SEPTEMBER 18, 2008

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Obama leading race as the agent of change

Economy eclipses all other issues in campaign, poll finds

By Robin Toner and Adam Nagourney

WASHINGTON: Despite an intense effort to present himself as a break from the Republican Party and the way business is done in Washington, Senator John McCain is seen by voters as far less likely to bring change to Washington than Barack Obama, and a strong majority view him as a "typical Republican" who would continue or expand President George W. Bush's policies, according to a New York Times/CBS News Poll.

Surveys taken after the Republican convention two weeks ago week suggesting that McCain had enjoyed a surge of support — particularly among white women after his selection of Sarah Palin as his running mate — appear to have reflected a short-term burst of interest, according to the Times/CBS poll. The contest between the candidates appears to be roughly where it was before the two conventions and before the vice presidential selections: Obama has the support of 48 percent of registered voters, the poll indicates, compared with 43 percent for McCain.

But McCain is maintaining some core advantages, according to the poll, particularly on experience and preparedness to be president and the ability to serve as commander in chief. Forty-eight percent of those surveyed said Obama was prepared to be presi-

dent, compared with 71 percent who rated McCain as prepared. Fifty-two percent said it was "very likely" that McCain would be an effective commander in chief — twice as many as felt that way about Obama.

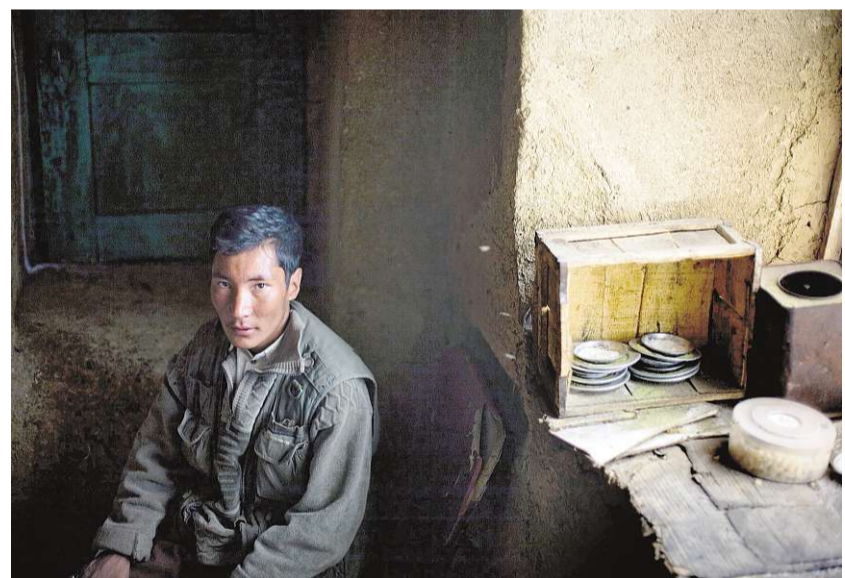
The difference between them is within the poll's margin of sampling error. The poll underlined the extent to which McCain's Republican convention — and his selection of Palin, the governor of Alaska — had excited some Republican voters about his candidacy, no small thing in an election that continues to be so tight: 47 percent of Republican supporters described themselves as enthused about their party's presidential candidate, more than twice what it was before the conventions.

The Times/CBS News poll suggested that Palin's selection has, to date, helped McCain only among Republican base voters; there was no evidence of significantly increased support for him among women voters. White women are evenly divided between McCain and Obama. Before the selection, McCain lead Obama among white women by a margin of 44 percent to 37 percent. By contrast, at this point in the 2004 campaign, Bush was leading Senator John Kerry of Massachusetts, the Democratic challenger, by 56 percent to 37 percent among white women.

The poll found evidence of concern about Palin's qualifications to be president, particularly compared with Senator Joseph Biden Jr. of Delaware, Obama's running mate.

Nearly two-thirds said they would be concerned if McCain, 72, could not fin-

POLL, Continued on Page 8



Moises Saman for The New York Times

An Afghan waiting in a tea house in the Hazarajat region, one of the poorest and more-neglected areas in the war-torn country. A winter of hunger looms for many.

9 million Afghans facing acute food shortage soon

By Carlotta Gall

YAKOWLANG, Afghanistan: A pitiful harvest this year has left small farmers all over central and northern Afghanistan facing hunger, and aid officials are warning of an acute food shortage this winter for nine million Afghans, more than a quarter of the population.

The crisis has been generated by the harshest winter in memory months ago, followed by a drought across much of the country, which came on top of the broader problems of deteriorating security, the accumulated pressure of returning refugees and the effects of rising world food prices.

The failure of the Afghan government and foreign donors to develop the country's main economic sector, agriculture, has compounded the problems, the aid officials say. They warn that the food crisis could make an already bad security situation worse.

The British charity Oxfam, which conducted a provisional assessment of conditions in the province of Daikundi, one of the most remote areas of central

Afghanistan, has appealed for international assistance before a new winter sets in.

"Time is running out to avert a humanitarian crisis," it said. That assessment is echoed by villagers across the broader region, including in Bamian Province.

"In all these 30 years of war, we have not had it as bad as this," said Said Muhammad, a 60-year-old farmer who lives in Yakowlang, in Bamian. "We don't have enough food for the winter."

Underlying the warnings are growing fears of civil unrest. The mood in the country is darkening amid increasing economic hardship, worsening disorder and a growing disaffection with the government and its foreign backers, particularly over the issue of government corruption.

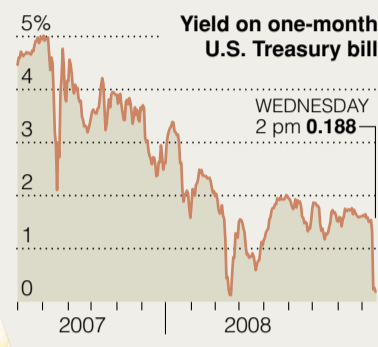
Returning refugees are already converging on the cities because they cannot manage in the countryside, and they make easy recruits for the Taliban or other groups that want to create instability, said Ashmat Ghani, an oppo-

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Insurance rescue fails to stem fears

Another anxious day

Despite extraordinary government measures to restore calm to the global financial system, the pain is spreading. Investors poured money into ultrasafe securities, pushing down their yield sharply; Russian authorities shut down their stock market after a series of dizzying plunges; and unemployment in Britain jumped sharply, heralding a likely recession.



Sources: Bloomberg, U.S. Federal Reserve, British statistical office

A trader at the New York Stock Exchange on Wednesday.

Photo by Brendan McDermid/Reuters

Around the world, stocks fall after U.S. props up AIG with loan of \$85 billion

By Michael M. Grynbaum and Edmund L. Andrews

NEW YORK: One of the most dramatic government rescues of an American business failed to stem the runaway fears that have engulfed the global financial system, as investors embarked on a frenzied flight to safety and wondered which once-proud institution might be the next to fall.

Desperately seeking security in a market that has so far refused to stabilize, investors poured money on Wednesday into ultrasafe government notes, driving the yield on short-term Treasury bills to the lowest levels in 50 years.

Rushing to the oldest financial haven in uncertain times, investors also pushed up the price of gold 9 percent on Wednesday, to more than \$850 an ounce.

Stocks around the world plummeted, with the Dow Jones industrial average losing almost 400 points, or 3.6 percent, before recovering some of the lost ground in the afternoon despite the extraordinary announcement Tuesday night by the Federal Reserve, backed by the Treasury Department, that it would prop up American International Group, the ailing insurance giant, with an \$85 billion loan. The move avoided a potentially devastating collapse of AIG, but investors appeared to have already shifted their attention elsewhere.

"The positive impact of these government fixes, rescues, and bailouts clearly are wearing off," said Edward Yardeni, an investment strategist in New York. "There's no novelty in it any more. There's a growing sense that there's no end to this in sight."

Adding to the sense of spreading distress were a number of ominous developments elsewhere around the world. These included the decision by Russian authorities to shut down the stock market in Moscow after a series of dizzying plunges, the biggest monthly jump in the unemployment rate in Britain in 16 years, and continued efforts by AIG customers in Asia to cash out their insurance policies. (Page 15)

The Standard & Poor's 500-stock index was down 3.2 percent in afternoon trading. In London, the FTSE 100 index closed down 2.3 percent, and the CAC 40 in Paris fell 2.1 percent and the DAX in Frankfurt fell 1.7 percent.

Severe stress showed in all sectors of the global financial system. Investors feared that other Wall Street titans might follow Merrill Lynch, Lehman Brothers, and Bear Stearns into the embrace of big banks at whatever price they could get. The cost of insuring corporate bonds spiraled higher, particularly for Morgan Stanley and Goldman Sachs, venerable investment banks that have long been considered Wall Street's strongest franchises.

"These are levels we haven't seen before for these names," said Dave Klein, a manager at Credit Derivatives Research.

Shares of those companies also traded sharply lower, with Morgan Stanley plunging 37.6 percent in afternoon

Has U.S. stopped practicing what it preaches?

INSIDE

Campaigns struggle to deal with crisis

The massive shock to the economy is presenting Barack Obama and John McCain with the challenge of persuading voters that only one of them can solve America's deepest problems. **Page 4**

■ **TOXIC SECURITIES AGENCY?** An idea: Buy ailing assets from hobbled companies. **Page 15**

■ **HEDGE FUND PARTY ENDS** London's flashy financial elite are in retreat. **Page 14**

■ **COPING WITH THE CRISIS** U.S. economists ask: How do we get out of this mess? **Page 14**

By Nelson D. Schwartz

PARIS: Is the United States no longer the global beacon of unfettered, free-market capitalism?

In extending a last-minute \$85 billion lifeline to AIG, the troubled insurer, Washington has not only turned away from decades of rhetoric about the virtues of the free market and the dangers of government intervention, it has also likely undercut future American efforts to promote such policies abroad.

"I fear the government has passed the point of no return," says Ron Chernow, a leading American financial historian. "We have the irony of a free-market administration doing things that the most liberal Democratic administration would never have imagined itself doing in its wildest dreams."

While they acknowledge the shock of the collapse of Lehman Brothers, the

bailout package for AIG on top of earlier government support for Bear Stearns, Fannie Mae, and Freddie Mac has stunned even European policy makers accustomed to government intervention in the economy.

"For opponents of free markets in Europe and elsewhere, this is a wonderful opportunity to invoke the American example," said Mario Monti, the former antitrust chief at the European Commission. "They will say that even the standard-bearer of the market economy, the U.S., negates its fundamental principles in its behavior."

Monti noted that past financial crises in Asia, Russia, and Mexico brought government to the fore, "but this is the first time it's in the heart of capitalism, which is enormously more damaging in terms of the credibility of the market economy."

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S. Morris/You Witness, via Reuters
Smoke rose from the U.S. Embassy after a militant assault Wednesday.

Bomb attack in Yemen kills 16 at U.S. Embassy

Militants disguised as soldiers attacked the embassy compound Wednesday morning with rocket-propelled grenades and at least one suicide car bomb, in an attack that left 16 people dead, including 6 of the attackers, Yemeni officials said. No American officials or embassy employees were killed or wounded in the attack. It was the deadliest terrorist attack in years in Yemen, where militants aligned with Al Qaeda have carried out a number of recent bombings. **Page 8**

Anger and anxiety widen in milk scandal

At Children's Hospital on the east side of Beijing, harried nurses spent Wednesday behind a small wooden desk, registering infants in a rapidly filling logbook. Anxious parents, fearing they might have unwittingly fed their infants with tainted formula, waited for hours to determine if their babies had suffered health problems. **Page 2**

U.S. legal influence dips

U.S. Supreme Court decisions are being cited less frequently by courts around the world when they make decisions on constitutional issues, several studies have found. **Page 2**

Schröder extols Russia

The former German chancellor Gerhard Schröder urged the European Union to work much more closely with Moscow and he roundly criticized the United States. **Page 3**

■ **BAA agrees to sell Gatwick but says it will resist government pressure to give up other airports.** **Page 17**

■ **Closure and sale of Olympic Airlines by Greek government receives approval from EU.** **Page 17**

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|------------------|-------------------|
| The Dow 2 p.m. | 10,723.24 ▼ 3.04% |
| FTSE 100 close | 4,912.40 ▼ 2.25% |
| Nikkei 225 close | 11,749.79 ▲ 1.21% |

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