

# INTERNATIONAL Herald Tribune

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## Airfares rise even as fuel prices fall

After losing \$8 billion in 2008, airlines are loath to curb revenue

By Caroline Brothers

**ROISSY, France:** Fuel prices have plunged, the world economy is in a tailspin and airlines are running all kinds of promotions to fill empty seats. You would think ticket prices would be coming down. Think again.

Despite highly publicized fare wars in some markets, on some routes, the total cost of a plane ticket for many fliers has barely budged or even gone up.

Part of the reason is the cat-and-mouse game airline "yield managers" play — the agents who determine how many seats will be offered at what prices on any particular flight. Air France-KLM alone has 120 of them at Roissy-Charles de Gaulle Airport, near Paris, monitoring micro-movements in global airfares.

"These are active fares and we adapt them to the competition every day, and if we are attacked, we do what they do," an Air France-KLM executive said just before a behind-the-scenes tour of the operation. He did not want to be identified so he could speak candidly.

But there are also other more structural issues why airfares remain high, from the prevalence — and stickiness — of surcharges to the inability of big carriers to respond quickly to slumping demand. Some are still paying for wrong-way bets on fuel hedging before the price of oil plummeted last year.

Having collectively suffered losses of as much as \$8 billion last year, according to the International Air Transport Association, the industry also is in no hurry to self-inflict more damage to its bottom line. "The current quarter is likely to be one of the worst ever for profitability, so airlines will do anything they can to alleviate it," said Andrew Light, an aviation industry analyst in London for Citigroup.

Despite heavily promoted sales in some markets, some road-warriors say they believe that ticket prices have climbed from last year's levels, particularly in the business-class cabin on lightly served, long-distance routes.

Alexis Felisa, a commodities trader

**FARES, Continued on Page 12**



Moises Saman for The New York Times

## Violence returns to the remote jungles of Peru

A police commando unit searching for drug laboratories, and "subversives," in the jungle near the Peruvian village of Lobo Tahuantinsuyo. Dozens of families have fled their villages in recent months and harrowing tales of violence are trickling

out of the jungle. The stories sound as though they were plucked from the worst days of the Peruvian military's war against Shining Path rebels two decades ago, a war that terrorized the countryside and killed 70,000 people. **Page 8**

## Jurors' phones upset the scales of justice

By John Schwartz

Last week, a juror in a big federal drug trial in Florida admitted to the judge that he had been doing research on the case on the Internet, directly violating the judge's instructions and centuries of legal rules. But when the judge questioned the rest of the jury, he got an even bigger shock.

Eight other jurors had been doing the same thing. The federal judge, William J. Zloch, had no choice but to declare a mistrial, wasting eight weeks of work by federal prosecutors and defense lawyers.

"We were stunned," said the defense lawyer, Peter Raben, who was told by the jury that he was on the

verge of winning the case. "It's the first time modern technology struck us in that fashion, and it hit us right over the head."

It might be called a Google mistrial. The use of BlackBerrys and iPhones by jurors gathering and sending out information about cases is wreaking havoc on trials around the United States, upending deliberations and infuriating judges.

Last week, a building products company asked an Arkansas court to overturn a \$12.6 million judgment against it after a juror in the civil trial used Twitter to send updates during the proceedings.

On Monday, defense lawyers in the federal corruption trial of a former

Pennsylvania state senator, Vincent J. Fumo, demanded that the judge declare a mistrial after a juror posted updates on the case on Twitter and Facebook. The juror even told his readers that a "big announcement" was coming on Monday. But the judge decided to let the trial continue, and the jury found Mr. Fumo guilty. His lawyers plan to use the Internet postings as grounds for appeal.

Jurors are not supposed to seek information outside of the courtroom. They are required to make their decision based only on facts that the judge has decided are admissible, and do not see evidence that has been excluded as prejudicial. But now, using their own cellphones — to look up the

name of a defendant on the Web or examine an intersection using Google Maps — they violate the legal system's complex rules of evidence. They can also tell their friends what is happening in the jury room, though they are supposed to keep their opinions and deliberations secret.

Such cases are not confined to the United States. In Britain, a juror went online not long ago with a BlackBerry during a trial for rape, causing the conviction to be quashed. The Lord Chief Justice, Lord Judge of Draycot, made a recent speech where he noted that some jurors have been found making "private enquiries" on the In-

**JURIES, Continued on Page 8**



Johan Spanner for The New York Times

Dubrovnik, a medieval Croatian seaside town, is trying to attract Serbian tourists despite memories of a Serbian siege in 1991.

## As tourism sags, Croats reach out even to Serbs

By Dan Bilefsky

**DUBROVNIK, Croatia:** It is a sign that the global financial crisis has hit the Adriatic when Croatia is reaching out to former foes: For the first time since Serbian and Montenegrin forces

besieged this historic port city in 1991, business people here are publicly appealing to Serbian tourists to come and help rescue the economy.

When tourism officials from two Croatian regions, Istria and Dalmatia, last month sent a delegation to a trade fair in Belgrade for the first time since the 1991-1995 war, people on both sides noted sardonically that economic doldrums were forcing Croats to turn to Serbs to help save them. Many here still bitterly recall a conflict in which over 10,000 died on both sides and hundreds of thousands fled their homes.

But Goran Strok, chairman of GS Hotels and Resorts, the company that owns Dubrovnik's choicest hotels, said it was time to put aside historical grievances.

"What Milosevic and Serbian politicians did was unforgivable and should be remembered," he said, referring to Slobodan Milosevic, the former Serbian leader. "But the war is finished and we can't change who our neighbor is. The Serbs are also good people and the time has come to reach out to them. I want to see Serbian tourists in Dubrovnik. It is time to put nationalist

things on the side." The countries of the western Balkans — Serbia, Bosnia, Macedonia and Montenegro — are among Europe's poorest and least stable. While Croatia is far wealthier and more politically secure than most — and first in line to join the European Union and NATO — the region as a whole remains the weak spot of Europe.

Many economists and analysts worry that the financial crisis could curtail a decade of political and economic progress in the region as exports and foreign investment shrink. Already, Serbia has turned to the International Monetary Fund for a rescue package, and its neighbors could soon follow.

The region's problems pose a challenge to the EU as it struggles to avoid divisions between richer countries that have weathered the downturn and those facing pressures on their banking sectors and currencies.

In Croatia, the government says the economy will contract by 2 percent this year. Unemployment rose to 14.5 per-

**CROATIA, Continued on Page 8**

## Goldman offers bailouts

Goldman Sachs is offering to lend money to more than 1,000 employees who have been squeezed by the financial crisis. The loans, offered via e-mail messages last week, could range from a few thousand dollars to hundreds of thousands. **Page 11**

## Madagascar leader quits

The president of Madagascar announced Tuesday that he was dissolving the government and handing power to the military after weeks of struggle with the leader of the opposition on the island. **Page 3**

## A comeback in Pakistan

The reinstatement of Iftikhar Muhammad Chaudhry as chief justice was the culmination of a two-year struggle by a group of lawyers and their supporters to safeguard an independent judiciary. **Page 5**

## Pope addresses H.I.V.

Pope Benedict XVI said in Cameroon that condoms were not the answer in the fight against H.I.V., his first explicit statement on an issue that divides even the clergy who work with AIDS patients. **Page 3**

## CURRENCIES New York

Tuesday 3 p.m.	Previous
€1=	\$1.2990 \$1.2990
£1=	\$1.4020 \$1.4080
\$1=	¥98.600 ¥98.210
\$1=	SF1.1840 SF1.1860

Full currency rates | **Page 15**

## OIL New York, Tuesday 3 p.m.

Light sweet crude \$48.79 ▲ +\$1.31

## STOCK INDEXES Tuesday

The Dow 3 p.m.	7,283.95	▼ -0.61%
FTSE 100 close	3,857.10	▼ -0.18%
Nikkei 225 close	7,949.13	▲ +3.18%

## Buffett's silence on Moody's is loud

Warren E. Buffett owns a stake of about 20 percent in Moody's, one of the three rating agencies that grade debt issued by corporations and banks looking to raise money. Mr. Buffett has been critical of those agencies and their involvement in the financial crisis. But he has said little about Moody's, which puzzles many of his fans because the firm failed to warn investors before Lehman Brothers collapsed. **Page 11**

## U.S. weighs expanding covert war in Pakistan

Afghan policy review may lead to attacks on Taliban in Quetta

By David E. Sanger and Eric Schmitt

**WASHINGTON:** President Barack Obama and his top national security advisers are considering expanding the covert American war in Pakistan far beyond the unruly tribal areas, to strike at a different center of Taliban power in Baluchistan, where top Taliban leaders are orchestrating attacks into southern Afghanistan.

According to senior administration officials, two of the high-level reports on Pakistan and Afghanistan that have been forwarded to the White House in recent weeks have called for tracking and targeting the Taliban and other insurgent groups to a major sanctuary in and around the city of Quetta. Mullah Muhammad Omar, who led the Taliban government that was ousted in the American-led invasion in 2001, has operated with near impunity out of the region for years, along with many of his deputies.

The extensive missile strikes being carried out by the Central Intelligence Agency have until now been limited to the tribal areas, and have never been extended into Baluchistan, a sprawling province that is regarded as a core part of Pakistan, and which abuts the parts of southern Afghanistan where recent fighting has been the fiercest. There remain fears within the American government that extending the raids would be seen inside Pakistan as violating the country's sovereignty.

But some American officials say the missile strikes in the tribal areas have forced some Taliban and Al Qaeda leaders to flee south toward Quetta, making them more vulnerable to attack. In separate reports, both Gen. David H. Petraeus, and Lt. Gen. Douglas Lute, a top White House official on Afghanistan, have recommended expanding American operations against the Taliban outside the tribal areas if Pakistan's security forces cannot root them out.

Many of Mr. Obama's advisers are also urging him to sustain orders issued last summer by President George W. Bush to continue Predator drone attacks against a wider range of targets in the tribal areas, and to conduct cross-border ground actions, using C.I.A. and Special Operations commandos. Mr. Bush's orders also named as targets a wide variety of insurgents seeking to topple Pakistan's government. Mr. Obama has said little in public about how broadly he wants to pursue those groups.

"It is fair to say that there is wide agreement to sustain and continue these covert programs," said a senior administration official, who spoke on condition of anonymity because the policy is still being debated. "One of the foundations on which the recom-

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