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Ex-leader of Thailand abandoned by his party

A polarizing figure, Samak concedes fate

By Seth Mydans

BANGKOK: Thailand's governing party sidestepped a possible flashpoint Friday, withdrawing its proposal to renominate Samak Sundaravej as prime minister three days after he was forced by a court to resign.

Thirapol Nopraprampa, a former official in the prime minister's office, said Samak had withdrawn his name after his party turned against him. He was also removed as leader of the People Power Party. "He said he did his best to protect democracy," Thirapol said. "From now on, it's up to the party to decide what to do next."

Samak was ordered to step down Tuesday when the Constitutional Court found that he had engaged in conflict of interest by being paid for appearing on a televised cooking show.

That appeared to offer a face-saving way for Samak to depart, without being seen to bow to the protesters who have camped outside the prime minister's office for more than two weeks, demanding his removal.

But his party immediately said it would vote him back into the job, drawing a furious response from protesters. On Friday, ranks of police officers with riot shields surrounded Parliament, where hundreds of protesters had gathered to hear the news.

The change of mind came after a long day of hard bargaining, which was boycotted by a 70-member faction of its membership, said a party spokesman, Kuthep Saikrajang. The other five coalition partners said they would not support the renomination of Samak, he said.

Kuthep said three other party members were under consideration for the job. Parliament had been scheduled to vote for a new prime minister Friday, but the decision was pushed back to Wednesday because there were not enough members for a quorum.

Samak's departure apparently puts an end to a rough seven-month tenure during which the 73-year-old politician became the target of opposition against his party from several directions.

He was accused of corruption and of being a surrogate for Thaksin Shinawatra, who was ousted as prime minister in a coup in 2006 but is still the dominant force in the party from his exile in London.

Street protests against Samak began in May and escalated on Aug. 26 with the blockade of his office.

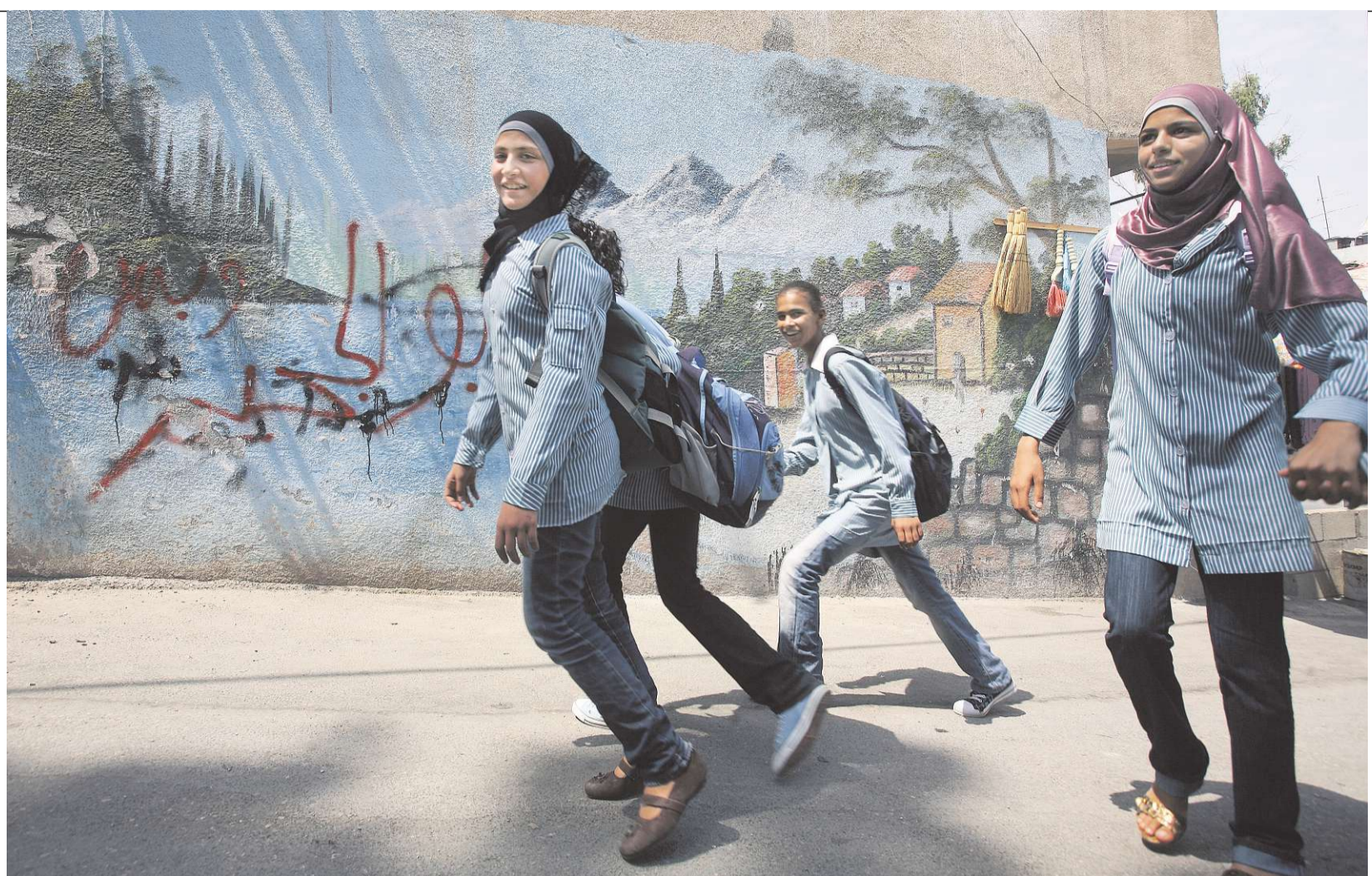
The confrontation has become a national crisis, complicating the work of government, putting the nation on edge, hitting hard at financial markets and frightening away the tourists who are crucial to the economy.

Though the protests have been mostly peaceful, the possibility of violence remains in the air, along with the possibility that the military will stage a coup, which it did two years ago this month. Those scenarios seemed to recede a bit with the removal of Samak, the party's most contentious figure.

The party's decision Friday also leaves open the possibility of some softening of the confrontation between the government, its parliamentary adversaries and the protesters.

But there is no sign at the moment that the protesters will back away from their demands, which go beyond the removal of Samak to include other personnel and policy changes.

Samak had declared a state of emergency in Bangkok after a violent clash on Sept. 2 during which one person was killed. But the military refused to enforce it, and the protests continued.



In a West Bank city, peace from the bottom up

Palestinian girls returning from school in a Jenin refugee camp. Calm has returned to the city, once home to extremes of violence between Israelis and Palestinians. Newly trained Palestinian officers are policing the area, and civilians are planning economic cooperation with Israelis in a promising plan for peace. Page 4

China orders an inquiry into tainted baby formula

By Keith Bradsher

HONG KONG: China's Ministry of Health announced a nationwide investigation Friday into the safety of all infant formulas as a team of investigators descended on the powdered milk factory that produced formula now linked to one baby's death and kidney problems in at least 50 more.

The producer of the suspect formula, the Sanlu Group, recalled 700 tons of its formula after determining Thursday that it had been contaminated with melamine, an industrial chemical, according to the official China Daily newspaper.

The discovery of contaminated infant formula in China is a setback for

One infant dead; toxic chemical discovered

the country's efforts to reassure its own citizenry and overseas buyers that the "made in China" label is trustworthy after a series of incidents involving items from toxic toy beads to poisonous cough syrup.

Contamination with melamine is especially embarrassing for the Chinese authorities. Pet food made from Chinese ingredients laced with melamine sickened thousands of pets last year in the United States, some fatally, and the Chinese government promised at the time that it would prevent melamine from entering food products for people.

The death of the baby from tainted infant formula reminded people of the

deaths four years ago of 13 infants who had been given standard formula that carried the Sanlu brand but had been produced by counterfeiters.

The Health Ministry promised "serious punishment" Friday for those found responsible for the presence of melamine in the Sanlu formula. The majority of the babies who have fallen sick definitely drank the Sanlu formula, the ministry said in a statement on its Web site.

Top Chinese doctors have been asked to perform urgent research into cures for babies suffering kidney stones and kidney failure after drinking the formula, the ministry also said.

Doctors across the country were ordered to report any further cases of babies with kidney difficulties.

China also reported the problem to the World Health Organization, in an attempt to improve its reputation for transparency in health issues. China hid the emergence of severe acute respiratory syndrome, or SARS, for four months in late 2002 and early 2003, drawing international criticism when the disease spread to Hong Kong and then elsewhere in the world.

Melamine, an ingredient of plastics and fertilizers, is sometimes added in China by dishonest merchants to animal feed. The melamine causes a common test of animal feed to show that

CHINA, Continued on Page 4

Obama to sharpen attacks on McCain

With the Republicans invigorated, Democrats urge a tougher tone



Charles Gibson of ABC interviewing Sarah Palin, the Republican candidate for vice president.

In first big interview, Palin says she's ready

Governor Sarah Palin of Alaska said she had accepted John McCain's offer to join the Republican ticket without hesitation or doubt, perhaps her most confident answer in a sometimes tense and generally probing interview that touched on the complicated foreign policy and national security issues facing the next administration.

The two candidates took a break from their campaigns to honor the victims of the Sept. 11 attacks. Articles, Page 5

By Adam Nagourney and Jeff Zeleny

Barack Obama plans to intensify his assault against John McCain, with new television advertisements and more forceful attacks by Obama and his surrogates, as he confronts an invigorated Republican presidential ticket and increasing nervousness in the Democratic ranks.

McCain's vice-presidential choice of Sarah Palin, governor of Alaska, and the resulting jolt of energy among Republican voters appear to have caught Obama and his advisers by surprise and added to concern among some Democrats that the Obama campaign was not pushing back hard enough against Republican attacks in a critical phase of the race.

Some Democrats said Obama needed to move to seize control of the campaign and to block McCain from snatching away from him the message that he was the best hope to bring change to Washington.

After back-to-back attack ads by McCain, including one that misleadingly accused Obama of endorsing sex education for kindergarten students, the Obama campaign planned to sharpen attacks on McCain and Palin in an effort to counter McCain's attempt to present himself as the candidate of

change with his choice of Palin.

Obama's campaign released two new advertisements Friday morning that underscored the tougher road it is taking, criticizing McCain for, among other things, favoring tax cuts for corporations and acknowledging that he does not know how to use a computer or send e-mail. "Things have changed in the last 26 years, but John McCain hasn't," an announcer says in one advertisement. "After one president who was out of touch, we just can't afford more of the same."

Advertising themes will also include pay equity for women, an issue that has particular resonance as the campaigns battle for the votes of women.

Obama's aides said they were confident with the course of the campaign. They said that, other than making some shifts around the edges, particularly in response to McCain's effort to seize the change issue from Obama, they were not planning any major deviation from a strategy that called for a steady escalation of attacks on McCain as the race heads toward the debates.

That response is characteristic of a campaign that has presented itself as disciplined and unflappable and is

CAMPAIGN, Continued on Page 4

CURRENCIES New York

Friday, noon	Previous
€1=	\$1.4178 \$1.3924
£1=	\$1.7889 \$1.7493
¥1=	\$107.515 ¥106.600
\$1=	SF1.1324 SF1.1404

Full currency rates | Page 18

OIL New York, Friday, noon

Light sweet crude	\$101.67	▲ \$0.64
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STOCK INDEXES Friday

The Dow noon	11,406.68	▼ 0.24%
FTSE 100 close	5,416.70	▲ 1.85%
Nikkei 225 close	12,214.76	▲ 0.93%

Lehman, pushed by U.S., says it's for sale

Bank reaches out to potential buyers, who seek Fed's help

By Jenny Anderson, Ben White and Andrew Ross Sorkin

NEW YORK: A day after Lehman Brothers sought to assure Wall Street that it could survive on its own, the beleaguered investment bank, urged on by U.S. government officials, bowed to mounting pressure and put itself up for sale.

As confidence in Lehman continued to drain away Thursday, the bank, one of the oldest names on Wall Street, reached out to several potential buyers, including Bank of America and Barclays, the big British bank, according to people briefed on the negotiations. Lehman hopes to strike a deal within days.

In each case, the potential buyers are seeking help from the U.S. Federal Reserve to make an acquisition palatable. They want the Fed to guarantee a part of Lehman's troubled assets, these people said, similar to the way it backstopped the emergency sale of another foundering bank, Bear Stearns, in March.

But while the U.S. Treasury Department and the Fed were working to broker an orderly sale of Lehman, it was unclear whether the Fed would stand behind any deal, particularly after the administration of President George W. Bush took control of the two largest U.S. mortgage finance companies only days ago.

The test will come if Lehman's potential buyers balk at a purchase without the Fed's backing. If that were to happen, government officials would have to evaluate what risks a sudden collapse of Lehman might pose to the broader financial system.

The rapid decline of Lehman also underscores that investors remain unnerved, with rumors about an institution's problems quickly becoming a self-fulfilling prophecy, as other banks seek to distance themselves to limit their financial exposure.

Even so, while Lehman's share price continued to fall in late morning trading Friday, off 35 cents or 8.3 percent at \$3.87, leaving the stock down 94 percent this year, the shares of other financial companies, including the big thrift Washington Mutual, stabilized after

LEHMAN, Continued on Page 18

■ An executive who escaped Lehman looks for deals while sailing. Page 15

■ Lehman employees saw shares tumble — now their jobs are at risk. Page 18

■ Golden days for hedge funds fade as market turmoil takes its toll. Page 17

■ South Korea on Friday shelved a \$1 billion sovereign debt sale. Page 15

Business Asia with REUTERS

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Andorra.....€2.50 Antilles.....€2.60
Cameron...CFA 2,200 Senegal...CFA 2,200
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No to Washington, yes to Hollywood

The image of the United States has taken a beating around the world during the administration of President George W. Bush, but when anti-American protesters go home at night, they may well be tuning into their favorite TV show or movie from the United States.

The longstanding appeal of American popular culture has not dimmed, and even appears to have grown stronger lately, including in places like the Middle East, where opposition to U.S. foreign policy is particularly strong. Page 15



MTV in Arabic, and a Chinese Sponge-Bob SquarePants.



Power-sharing deal in Zimbabwe

President Robert Mugabe of Zimbabwe and the main opposition leader have struck a power-sharing deal after more than a month of wrangling, but it is still far from clear how the bitter foes will divide authority. Page 3

ADB approves loan to Georgia

The Asian Development Bank unanimously approved a \$40 million loan to Georgia, the latest sign of Asian dissatisfaction with Russian military action there. Separately, Vladimir Putin tried to explain the war. Articles, Page 4

LBJ's fateful day: The opera

The Dallas Symphony Orchestra will mark the 100th birthday of Lyndon B. Johnson on Thursday with the premiere of "August 4, 1964," a day irrevocably linked to the Vietnam War and the civil rights movement. Page 10

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