

The New York Times

Late Edition

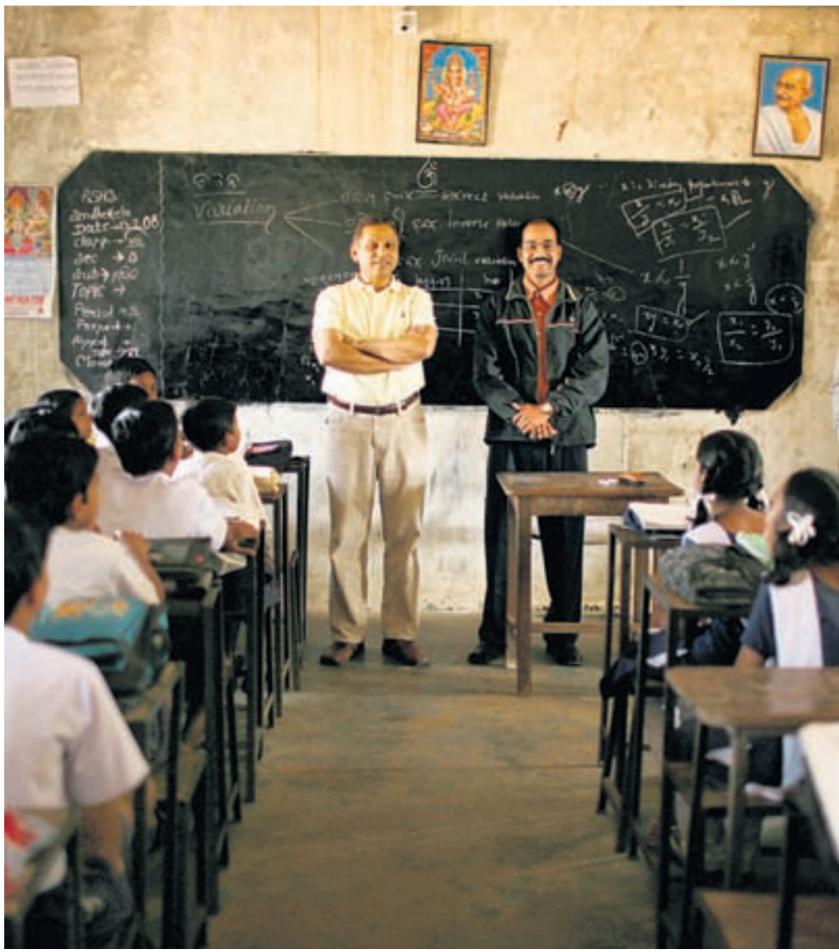
Today, brilliant sun, winds diminishing, high 48. Tonight, clear, then increasing clouds, low 33. Tomorrow, mostly cloudy, showers late, high 47. Weather map, Page D12.

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\$1.25



Dilip Ratha of the World Bank, standing at left, last month at a school in his hometown in India.

BRIAN SOKOL FOR THE NEW YORK TIMES

IN SWEEPING MOVE, FED BACKS BUYOUT AND WALL ST. LOANS

A STUNNING FALL

JPMorgan Chase Pays Only \$2 a Share for Troubled Firm

By ANDREW ROSS SORKIN

In a shocking deal reached on Sunday to save Bear Stearns, JPMorgan Chase agreed to pay a mere \$2 a share to buy all of Bear — less than one-tenth the firm's market price on Friday.

As part of the watershed deal, JPMorgan and the Federal Reserve will guarantee the huge trading obligations of the troubled firm, which was driven to the brink of bankruptcy by what amounted to a run on the bank.

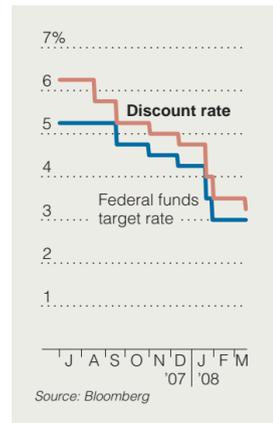
Reflecting Bear's dire straits, JPMorgan agreed to pay only about \$270 million in stock for the firm, which had run up big losses on investments linked to mortgages.

JPMorgan is buying Bear, which has 14,000 employees, for a third the price at which the smaller firm went public in 1985. Only a year ago, Bear's shares sold for \$170. The sale price includes Bear Stearns's soaring Madison Avenue headquarters.

The agreement ended a day in which bankers and policy makers were racing to complete the takeover agreement before financial markets in Asia opened on Monday, fearing that the financial panic could spread if the 85-year-old investment bank failed to find a buyer.

As the trading day began in Tokyo, however, markets tumbled more than 4 percent. In the United States, investors faced another week of gut-wrenching volatility in American markets.

Despite the sale of Bear, investors fear that others in the industry, like Lehman Brothers, already reeling from losses on mortgage-related investments, could face further blows.



Source: Bloomberg

THE NEW YORK TIMES

BEAR STEARNS SOLD

A Bank Rate Cut and Open-Ended Credit for Big Firms

By EDMUND L. ANDREWS

WASHINGTON — Hoping to avoid a systemic meltdown in financial markets, the Federal Reserve on Sunday approved a \$30 billion credit line to engineer the takeover of Bear Stearns and announced an open-ended lending program for the biggest investment firms on Wall Street.

In a third move aimed at helping banks and thrifts, the Fed also lowered the rate for borrowing from its so-called discount window by a quarter of a percentage point, to 3.25 percent.

The moves amounted to a sweeping and apparently unprecedented attempt by the Federal Reserve to rescue the nation's financial markets from what officials feared could be a chain reaction of defaults.

After a weekend of intense negotiations, the Federal Reserve approved a \$30 billion credit line to help JPMorgan Chase acquire Bear Stearns, one of the biggest firms on Wall Street, which had been teetering near collapse because of its deepening losses in the mortgage market.

In a highly unusual maneuver, Fed officials said they would secure the loan by effectively taking over the huge Bear Stearns portfolio and exercising control over all major decisions in order to minimize the central bank's own risk.

The Fed, working closely with bank regulators and the Treasury Department, raced to complete the deal Sunday night in order to prevent investors from panicking on Monday about the ability of Bear Stearns to make good on billions of dollars in trading commitments.

In a potentially even bigger move, the Federal Reserve also announced its biggest commitment yet to lend money to struggling investment banks. The central bank's role was expanded.

Dollar Extends Loss in Asia

Japanese stocks fell more than 4 percent on Monday as the dollar extended losses against the yen. Page A9.

Now, Cringing In the Shadows Cast by Cranes

By MANNY FERNANDEZ

New York has always been a city of construction cranes: They are the steel crutches of the skyline, forever pulling it upward. But when one of them collapsed on the East Side on Saturday — killing at least four people, demolishing a building and damaging at least five others — the disaster exposed the often-uneasy relationship cranes have had with the New Yorkers who walk below them.

Officials said that about 250 cranes were now in operation in the five boroughs, a telling sign of the city's building boom. Construction cranes are towering behemoths, signposts of the city's prosperity that dominate the skyline for months but often go unnoticed.

Yet on Sunday, those who lived, worked or happened to be walking near the cranes looked upward with anxiety, their nerves rattled by Saturday's collapse.

A gas station cashier who works below a crane at West 24th Street and 10th Avenue said he trusted God to protect him. A neighbor who lives across the street, Ana Gonçalves, puts her faith in the builders and hopes they know what they are doing. Victor Simpkins, another neighbor, has watched the crane for weeks, but now he looks up at it with a new suspicion.

"If that thing would fall over, my building would be toast," said Mr. Simpkins, 53, a designer and filmmaker.

On Sunday, city officials released a detailed description of the collapse at 303 East 51st Street, saying that workers were "jumping" the crane — intricate-

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Fateful Choice on Iraq Army Bypassed Washington Debate

By MICHAEL R. GORDON

BAGHDAD — When President Bush convened a meeting of his National Security Council on May 22, 2003, his special envoy in Iraq made a statement that caught many of the participants by surprise. In a video presentation from Baghdad, L. Paul Bremer III informed the president and his aides that he was about to issue an order formally dissolving Iraq's Army.

The decree was issued the next day.

The broad outlines of the decision are now widely known, defended by proponents as necessary to ensure that Saddam Hussein's influence did not outlive his ouster from power.

But with the fifth anniversary of the start of the war approaching, some participants have provided in interviews their first detailed, on-the-record accounts of a decision that is widely seen as one of the most momentous and contentious of the war, assailed by critics as all but ensuring that American forces would face a growing insurgency led by embittered Sunnis who led much of the army.

The account that emerges from those interviews, and from access to previously unpublished documents, makes clear that Mr. Bremer's decree reversed an earlier plan — one that would have relied on the

FIVE YEARS IN

Genesis of a Plan

Iraqi military to help secure and rebuild the country, and had been approved at a White House meeting that Mr. Bush convened just 10 weeks earlier.

The interviews show that while Mr. Bush endorsed Mr. Bremer's plan in the May 22 meeting, the decision was made without thorough consultations within government, and without the counsel of the secretary of state or the senior American commander in Iraq, said the commander, Lt. Gen. David D. McKiernan. The decree by Mr. Bremer, who is known as Jerry, prompted bitter infighting within the government and the military, with recriminations continuing to this day.



L. Paul Bremer III

Colin L. Powell, the secretary of state and a former chairman of the Joint Chiefs of Staff, said he was never asked for advice, and was in Paris when the May 22 meeting was held.

Mr. Powell, who views the decree as a major blunder, later asked Condoleezza Rice, who was serving as Mr. Bush's national security adviser, for an explanation.

"I talked to Rice and said, 'Condi, what happened?'" he recalled. "And her reaction

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World Banker And His Cash Return Home

By JASON DePARLE

SINDHEKELA, India — An important man from the World Bank recently arrived in this isolated village, where monkeys prowl rutted roads, rain pours through the school roof and the native son who achieved the most did so by going away.

Lessons about global poverty were waiting, but so were his sisters' chapattis. Migrant and migration scholar, Dilip Ratha was home.

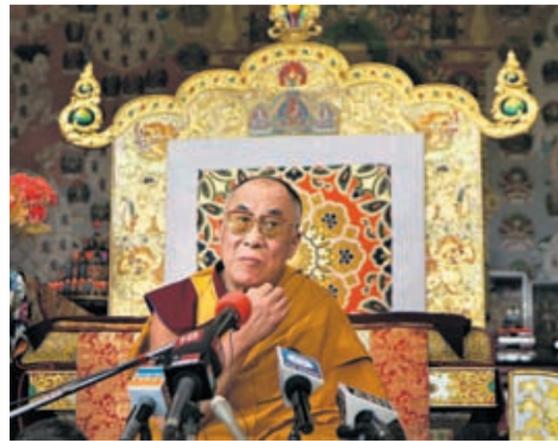
No one has done more than Mr. Ratha to make migration and its potential rewards a top-of-agenda concern in the world's development ministries. And no place has done more to shape his views than this forgotten hamlet, where he studied under the lone streetlight and began a poor boy's improbable journey to the front ranks of an elite field.

"When I think about the effects of migration, I think about Sindhekela," he said.

Working from his office in Washington five years ago, Mr. Ratha produced the first global tally of remittances, the money that migrants send home, and stunned experts from himself on down with the discovery of their size. Gathered from a trickle of hard-earned cash, the sums now exceed \$300 billion a year.

In subsequent work, Mr. Ratha, 45, has pushed to reduce money-transfer fees and increase the productivity of the money that is sent. Allies say his work has prompted projects in governments and beyond that could benefit millions of people. Skep-

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The Dalai Lama accused China of waging "cultural genocide."

Dalai Lama Condemns China For Suppressing Uprising in Tibet

By SOMINI SENGUPTA

DHARAMSALA, India — The Dalai Lama accused China on Sunday of waging "cultural genocide" against his followers in Tibet and called for an international inquiry into the suppression of protests there, his strongest defense to date of Tibetan Buddhists who have staged an uprising against Chinese rule.

Speaking at the headquarters of the Tibetan government in exile, the Dalai Lama endorsed the right of his people to press grievances peacefully against the Chinese authorities, and said he would not ask Tibetans to surrender to Chinese military police by midnight on Monday, as Beijing has demanded. He said that he had no moral authority to do so and that Tibetans had beseeched

him not to capitulate to that demand.

"Whether the Chinese government admits it or not, a nation with an ancient cultural heritage is actually facing serious dangers," the Dalai Lama told reporters during an emotionally charged news conference here. "Whether intentionally or unintentionally, some kind of cultural genocide is taking place."

His comments reflected the inflamed passions among Tibetans abroad, who view the revolts, the largest since the late 1980s, as a watershed moment.

Some Tibetans hope to press for outright independence from China. They argue that they have an unprecedented political opportunity to push for change as China prepares to be the host country for the Olympic Games in August and faces intense scrutiny of its human rights record.

The Dalai Lama, 72, who heads the Tibetan government in exile and serves as the spiritual leader of Tibetan Buddhism, does not

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INSIDE

Tough State Budget Choices

The faltering economy is causing budget shortfalls and forcing state officials to make difficult financial decisions, with few programs being spared from spending cuts. PAGE A12

Enigma on the West Coast

The Chinook salmon that swim upstream the Sacramento River to spawn in the fall have vanished, threatening the regional fishing industry. PAGE A10

Getting Ready to Play On

The field for the N.C.A.A. men's tournament is set, with Georgia among the teams to play their way in. The bracket, and more. SPORTSMONDAY, PAGE D1



CHRIS GRAYTHEN/GETTY IMAGES



McCain on a Visit to Iraq

Senator John McCain, above at the Baghdad airport, visited Iraq as part of a Congressional delegation that met with officials there, a trip his campaign saw as politically beneficial, as well. PAGE A15

Court to Review Gun Law

Senior White House officials are at odds as the Supreme Court prepares to review the District of Columbia's gun law. PAGE A10

A Grueling Road Trip

The long race for the Democratic presidential nomination has taken its toll on campaign staffs and journalists. PAGE A14

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