



FABRIZIO COSTANTINI FOR THE NEW YORK TIMES

PRAYING FOR A MIRACLE S.U.V.'s sat on the altar of Greater Grace Temple, a Pentecostal church in Detroit, as congregants prayed to save the auto industry. Page A19.

Detroit Bailout Is to Bring On U.S. Oversight

By DAVID M. HERSZENHORN
and JACKIE CALMES

WASHINGTON — Congressional Democrats were drafting legislation Sunday for tight government control of the crippled American auto industry, including the possible creation of an oversight board made up of five cabinet secretaries and the head of the Environmental Protection Agency and led by an independent chairman or "car czar."

While the form of oversight was still to be negotiated by Congressional Democrats and the White House, the talks made clear the extent to which the auto companies would have to submit to substantial government supervision in order to receive a taxpayer-financed bailout.

Whatever oversight entity is created, it would direct the drastic reorganization plans that the auto companies have said they were willing to undertake in exchange for billions of dollars in short-term government loans to keep them in business, a senior Congressional aide said. A main factor complicating the deliberations was the imminent transition between the Bush and Obama administrations.

The discussions of how strong a hand the government should take with the auto industry came as Congressional and White House negotiators sought to put the final touches on emergency bridge loans of about \$15 billion to keep General Motors, Chrysler and Ford afloat.

The final legislation is also expected to impose stringent taxpayer protections, including stock warrants that would give the government an equity stake in the three companies, new limits on executive pay and a ban on stock dividends while the loans are outstanding. One proposal would require the auto companies to seek government approval for any business transaction of \$25 million or more.

Once a bill offering aid to the industry is completed by Congress

PAYING A HIGHER PRICE Estimates of the cost of bailing out automakers are rising. PAGE B1

BANKRUPTCY COSTS There could be unanticipated consequences of allowing a major car company to go under. PAGE B4

In Hard Times, Russia Moves In to Reclaim Private Industries

By CLIFFORD J. LEVY

BEREZNIKI, Russia — In late October, one of Vladimir V. Putin's top lieutenants abruptly summoned a billionaire mining oligarch to a private meeting. The official, Igor I. Sechin, had taken a sudden interest in a two-year-old accident at the oligarch's highly lucrative mining operations here in Russia's industrial heartland.

Mr. Sechin, who is a leader of a shadowy Kremlin faction tied to the state security services, said he was ordering a new inquiry into the mishap, according to minutes of the meeting. With a deputy interior minister who investigates financial crime at his side, Mr. Sechin threatened crippling fines against the company, Uralkali.

Startled, the oligarch, Dmitri E. Rybolovlev, pointed out that the government had already examined the incident thoroughly and had cleared the company of responsibility.

He further sought to fend off the inquiry by saying he would pay for some of the damage to infrastructure from the accident, a mine collapse that injured no one but left a gaping sinkhole.

His offer was rebuffed, and it seemed clear why: the Kremlin was maneuvering to seize Uralkali outright.

Mr. Putin, the former president and current prime minister, has long maintained that Russia made a colossal error in the 1990s by allowing its enormous reserves of oil, gas and other natural resources to fall into private hands.

He has acted uncompromisingly — most notably in the case of the Yukos Oil Company in 2003 — to get them back.

Now, the Kremlin seems to be capitalizing on the economic crisis, exploiting the opportunity to establish more control

KREMLIN RULES Big Business

over financially weakened industries that it has long coveted, particularly those in natural resources.

Last month, for example, the government assumed greater influence over Norilsk Nickel, the world's biggest nickel producer, whose large shareholders, two billionaire oligarchs, have ailing finances. And Mr.

Putin said Thursday that he was considering other such interventions.

Yet the Uralkali affair stands out for illustrating with rare clarity the willingness of the authorities to use whatever means necessary to obtain these assets, including subjecting companies to questionable investigations that they have little chance of resisting, financial analysts here say.

At the forefront of these efforts

Continued on Page A10



IGOR KATAYEV/ITAR-TASS

A sinkhole from a mine collapse in 2006 at the operations of Uralkali in Berezniki, Russia.

Back at Junk Value, Recyclables Are Piling Up

By MATT RICHTER
and KATE GALBRAITH

Trash has crashed.

The economic downturn has decimated the market for recycled materials like cardboard, plastic, newspaper and metals. Across the country, this junk is accumulating by the ton in the yards and warehouses of recycling contractors, which are unable to find buyers or are unwilling to sell at rock-bottom prices.

Ordinarily the material would be turned into products like car parts, book covers and boxes for electronics. But with the slump in the scrap market, a trickle is starting to head for landfills instead of a second life.

"It's awful," said Briana Sternberg, education and outreach coordinator for Sedona Recycles, a nonprofit group in Arizona that recently stopped taking certain types of cardboard, like old cereal, rice and pasta boxes. There is no market for these, and the organization's quarter-acre yard is already packed fence to fence.

"Either it goes to landfill or it begins to cost us money," Ms. Sternberg said.

In West Virginia, an official of Kanawha County, which includes Charleston, the state capital, has called on residents to stockpile their own plastic and metals, which the county mostly stopped taking on Friday. In eastern

Pennsylvania, the small town of Frackville recently suspended its recycling program when it became cheaper to dump than to recycle. In Montana, a recycler near Yellowstone National Park no longer takes anything but cardboard.

There are no signs yet of a nation-wide recycling boom

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JODI HILTON FOR THE NEW YORK TIMES

"We never saw this coming," said Johnny Gold, an official of the Newark Group, at the company's plant in Salem, Mass.

Weak Patchwork of Regulation Lets Bad Hospitals Stay Open

By ALEX BERENSON

SYRACUSE — In March 2004, Sharon Yacketta walked into University Hospital here for an operation to help control her incontinence.

But her doctor, Robert S. Lai, botched the procedure, causing urine to leak into her abdomen. A month later, Dr. Lai and a second surgeon perforated her colon during a follow-up operation at University. Four years and 20 operations later, Ms. Yacketta has lost most of her colon and is still incontinent.

"They messed my life up," Ms. Yacketta said of her surgeons. "I hope those doctors rot."

Dr. Lai, who has left University and now practices outside Chicago, acknowledged that he and his surgical team had accidentally injured Ms. Yacketta but said he had not been negligent.

Mistakes happen even at good hospitals, of course. But evidence

shows that University, which is owned by the State University of New York system, is not a good hospital. In fact, in late 2006 a state commission recommended that it be scaled back and merged with another hospital.

The state's inability to follow through on that plan for University provides a stark example of how hard it can be — not just in New York, but around the nation — to close or shrink hospitals, even when there is evidence they are providing costly and below-average care.

Certainly the evidence against University Hospital was strong. In 2006, patients at University were three times as likely to develop infections stemming from hospitals as were patients at the average New York hospital, HealthGrades, a company that rates hospitals using data from

Continued on Page A20



INTERNATIONAL A6-14

Greek Protests Enter 2nd Day Youths angry over the killing of a teenager by the police took to the streets in several cities for a second day. PAGE A6

Afghan War Supplies Attacked Militants in Pakistan destroyed matériel for allied forces in Afghanistan. PAGE A6

NATIONAL A16-22

Review Sought in Terror Case A Congressional oversight panel plans to ask the National Security Agency to investigate new evidence that it illegally wiretapped a Muslim scholar in Virginia and concealed the eavesdropping in a 2005 trial in which the scholar was convicted on terrorism charges. PAGE A22

NEW YORK A23-27

New Threat to Brooklyn Homes Waterfront oil spills that could pose health hazards have plagued Greenpoint, Brooklyn, for decades. Now, toxic gases, a manufacturing legacy, could be infiltrating residents' homes. PAGE A23

BUSINESS DAY B1-10

Tribune Weighs Its Options The Tribune Company, the media chain that owns The Chicago Tribune and The Los Angeles Times, is trying to negotiate new terms with its creditors and has hired advisers for a possible bankruptcy filing, according to people briefed on the matter. PAGE B2

SPORTSMONDAY D1-8

Giants Lose, but Gain Playoffs Distractions seemed to catch up to the Giants, who secured a playoff spot despite a loss to the Eagles. The Jets, with no such cushion, were tied atop the division after losing to the 49ers. PAGE D1

ARTS C1-10

Snow? Do You Hear Snow? "Slava's Snowshow," the creation of the Russian-born Slava Polunin, below, with clowns and assorted flakes, is creating a blizzard of giggles on Broadway in its holiday run. Intermission at the Helen Hayes Theater becomes almost like recess as its young audience members frolic in the aisles, Charles Isherwood writes in his review. PAGE C1

ONLINE

Guide to Winter Theater A frequently updated guide to holiday-themed shows now playing on stages around New York, with multimedia features and reviews from Times critics. nytimes.com/theater

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William Kristol PAGE A29

More Inside The Times. PAGES A2-3

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In Hard Times, Russia Moves to Reclaim Industries

From Page A1

forts is Mr. Sechin, 48, a deputy prime minister who has been a Putin confidant since the two served in the St. Petersburg city government in the early 1990s. Mr. Sechin almost never gives interviews or speaks publicly, but he is believed to spearhead the use of the secret services and other government arms to capture companies.

"He is the state's main raider," said Olga Kryshchanovskaya, a prominent Kremlin expert at the Center for the Study of Elites in Moscow. "He organizes these raider seizures, sometimes to the benefit of the state, or sometimes to the benefit of companies that are friendly to him."

Mr. Sechin's role in the Uralkali inquiry immediately caused analysts and investors to presume that the company was in peril. Uralkali's stock, once highly prized by fund managers, has plunged more than 60 percent since the inquiry began, far more than the broader Russian stock market.

That has caused steep losses for Mr. Rybolovlev, 42, a former medical student who is known as Russia's fertilizer king because of his dominance of the business of mining potash, a principal fertilizer component. Last June, when Uralkali was soaring, the otherwise low-key Mr. Rybolovlev attracted attention by buying Donald J. Trump's mansion in Palm Beach, Fla., for \$95 million.

The Kremlin has not said when there will be a decision on Uralkali, and the company is hoping to negotiate a settlement that would include a fine of a few hundred million dollars. Analysts emphasized that there was still a chance that Mr. Sechin might pull back after seeing the stock market react so hostilely to the inquiry.

Developments in the overall economy might also give the Kremlin pause. A growing recognition of its outside influence over business appears to have helped sour the investment climate here, and suggests in part why the Russian stock market has been among the worst performers in the world this year.

Widespread corruption has deepened this mistrust. So it is perhaps not surprising that the Uralkali affair has been marked by what appears to be insider trading.

Around the time of the meeting called by Mr. Sechin on Oct. 29 in Moscow, there was a sharp spike in short selling in Uralkali's stock on the London Stock Exchange — that is, bets that the stock would fall, according to Data Explorers, an analytical firm that studied the securities data at the request of The New York Times. The meeting itself was not made public until Nov. 7, at which point the stock plummeted.

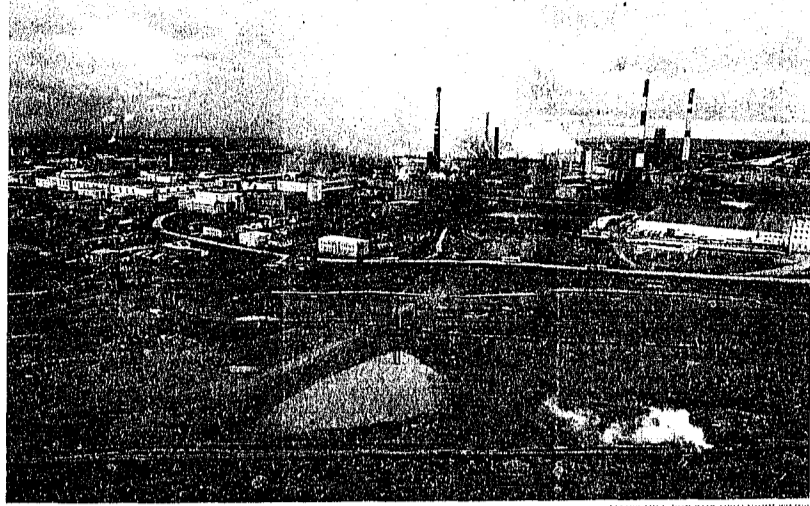
Mr. Sechin would not comment on the investigation, but a spokesman, Dmitri S. Peskov, said Mr. Sechin's reputation was not warranted. "The press sometimes has a tendency to demonize people," Mr. Peskov said.

Last month, a first deputy prime minister, Igor I. Shuvalov, dismissed concerns about the government's intent.

"No one is going to destroy the company — we need strong business units," Mr. Shuvalov said. "If after payments the company goes bankrupt, that won't stop the government. A new owner will be found for Uralkali."

With the financial crisis jolting economies around the world, Russia is hardly alone in taking ownership stakes in corporations these days. But many governments seem to view this as an uncomfortable role that has been thrust upon them. Russia's rulers, however, appear to perceive the crisis as a chance to further expand their control over the economy, concentrating ever more power and wealth in the Kremlin.

"We will put capital directly into major companies, in cases when it would be beneficial to the state and eventually to the taxpayer, and in those enterprises that are the basis of the economy of the Russian Federation," Mr. Putin said in a television appearance on Thursday. "We do not ex-



JAMES HILL FOR THE NEW YORK TIMES

MOSCOW'S MUSCLE

Last month, the government assumed greater influence over Norilsk Nickel, the world's biggest nickel producer, whose large shareholders, two billionaire oligarchs, have ailing finances.

clude that these tools may be used in a large-scale way."

What seems to have drawn the Russian leadership's attention to Uralkali was its impressive balance sheet, which expanded robustly over the last year as the prices of food and commodities shot up. Its revenues swelled to \$1.1 billion in the first half of 2008, double the level in the same period the year before. Its profits more than tripled to \$550 million.

With that kind of cash flow, the company was better able to ward off any fines and penalties the Kremlin could reasonably levy. But as its revenues have dropped because of the downturn, Uralkali has become more vulnerable.

Russians undoubtedly have ambivalent feelings about oligarchs like Mr. Rybolovlev. They tend to resent the oligarchs' wealth, believing that it was accumulated through underhanded

drives a transporter in the mine, said workers did not understand the need for the inquiry, given that the earlier one had absolved the company.

The first government inquiry concluded that the mine collapse, which happened with enough warning that all the miners escaped, was caused by "a previously unknown geological anomaly."

"It seems to us that the authorities simply want to take the company away from Rybolovlev," Mr. Smirnov said. "The authorities just can't watch all that money pass them by."

Mr. Rybolovlev and other Uralkali executives declined to be interviewed for this article.

The company said last month that "there are no legal or moral grounds" for blaming it for the accident. It said that if the new inquiry found Uralkali responsible, "it will suffer an enormous financial burden. The company's future and plans would be in doubt."

Uralkali fears that officials will seek compensation equal to future taxes and fees that the company would have paid to the government if the section of the mine that collapsed had continued operating, a penalty that could amount to well over \$1 billion.

The new investigation carries echoes of the case that has come to define Mr. Putin's tenure — the government's forcible takeover of Yukos, once the country's biggest oil company. Mr. Sechin is said to have led that case, and now also serves as chairman of Rosneft, the government-controlled oil company that swallowed up many of Yukos's assets.

"The Uralkali case says that the government feels it has the power to interfere in any way in these industries," said Marina Alexeenkova, a vice president at Renaissance Capital, an investment bank in Moscow. "It looks really aggressive and really risky. In general, this has been considered the most serious attack on a company since Yukos."

The government imprisoned Yukos's owner — the billionaire oligarch Mikhail B. Khodorkovsky, who had angered Mr. Putin by engaging in politics — on tax

Kremlin Rules

Articles in this series are examining the crackdown in Russia under Vladimir V. Putin.

ONLINE: Previous articles in this series and more translated comments from Russian readers who are discussing this article on a Russian-language Web site:

nytimes.com/world

charges. It does not appear that Mr. Rybolovlev will suffer a similar punishment.

Like many oligarchs who have heeded Mr. Khodorkovsky's example, Mr. Rybolovlev has backed the Kremlin, and has spurned pleas for financial support from opposition politicians here in the Perm region.

As the inquiry continued last week, the government sent conflicting signals about its course. It said Wednesday that investigators would need at least two more weeks before forwarding their report to Mr. Sechin, dimming Uralkali's quest for a settlement. The next day, the natural resources minister, Yuri P. Trutnev, a close friend of Mr. Rybolovlev's, publicly supported the company. He is not directly involved in the new inquiry, though, and analysts discounted the importance of his statement.

Investigators are now said to be examining whether Uralkali should pay for rerouting 30 miles of railroad track around the sinkhole, as well as for reimbursing the government for resettling people and other costs. But their primary objective is to scrutinize the accident itself and decide whether the company was at fault, which could expose it to heavy penalties.

Here in Berezniki, though, people seem confused about how the investigators are going to do that. It turns out that the part of the mine that collapsed is now completely filled with water, preventing anyone from getting anywhere close to it.

Using whatever means are necessary to get the goods that Putin wants.

means in the 1990s. (Mr. Rybolovlev himself was accused of orchestrating the killing of a rival back then, though he was cleared of the charges.)

But they also worry that government officials want to seize these assets for their own venal purposes, and that they will end up mismanaging them, just as in Soviet times.

Here in Berezniki, 750 miles northeast of Moscow in the Ural Mountains, the new investigation has stirred anxiety among some miners, who said in interviews that they would fear lower salaries if the government took the company.

Federal officials have already aroused resentment here among residents who had to move after the 2006 mine accident into new, government-built homes that they said were shoddy.

Vladimir Smirnov, 48, who

Russians Discuss Leaders' Ties to Tycoons

By CLIFFORD J. LEVY

MOSCOW — What do Russians themselves think about the Uralkali affair, and about the Kremlin's relationship with the wealthy tycoons known as oligarchs? The New York Times posted a translated version of the accompanying article on its Russian-language blog on livejournal.com on Friday night.

Here is a sampling of comments by bloggers, as translated by the Moscow bureau of The Times:

"Oligarchy is a merger of the authorities and big business, corruption. Mr. Putin and his henchmen ARE such oligarchs, who have illegally seized power and violate justice with impunity — they indulge in bald robbery, extortion, unlawful persecution and so on. Many a businessman in Russia has fallen victim to this racketeering, as is demonstrated in this article. Lawlessness and outrage have been elevated by Putin's group into the rank of state policy, turned into a system. Unfortunately, today it is impossible to counter it." *Ivansini*

"Mineral resources should belong to the state. Maybe it will be a less efficient owner than the sly oligarchs, though it's not obvious. (They are now standing in line for the state's money. However, without getting off their yachts.) This issue is not only an industrial but a moral one as well, in the sense that our society has ideas of justice that are different from

those in the countries of 'Protestant ethics.' These ideas imply that mineral resources are a national wealth, and as such should belong to the state." *Linzer_linzer*

"Oligarchy is the usurpation of power (in our case monopolization of resources) in order to please foreign patrons. Oligarchy sprang up thanks to the 'liberal' reforms imposed on us by Washington. It was 'liberals' supported by foreign grants who illegally took power and robbed the population. Nothing else but liberals' treachery allowed for the monopolization of resources with the goal of paying back for the handouts they received. Vladimir V. Putin and Dmitri A. Medvedev are trying to correct the results of the crimes committed by treacherous liberals." *Aibali67*

"The attempt to 'seize' the Norilsk Nickel, oil, gas and other deposits and extracting companies does not have anything to do with Putin's caring for the interests of the state. Each time it's only the personal interests of Putin himself or of his accomplices. Quite naturally, as a result of this nationalization, each company abruptly loses efficiency and profitability. Correspondingly, I think that the more resources of Russia that are held in private hands the better for the country. And the worse for a dictator who is trying to squeeze every last bit of juice out of it." *Evanti*

"The very existence of oli-

garchs is a slap in the face of all honest people in our country. The quicker they are imprisoned, the better. Even from the material in this article, it is clear that Rybolovlev is a puny bandit, who under the tender care of the democrats in the 1990s rose to become a so-called oligarch." *Stebat777*

"What Putin is doing is destroying Russia's oil and gas industry. It won't have investments during the next 10 years. Production will drop. The greediness of the state will destroy profitable industry." *Skystream*

"The financial crisis is an excellent way to review the results of the criminal privatization by a soft and legal method. I can only praise it. And these measures will be very popular among people." *Sostavitel*

"The transfer of wealth to the hands of the state will present our successors with 50 years more of 'cheap' oil. The only problem is that all the world lives by laws regarding the increase in the efficiency of production and this progress cannot be stopped. Without private property rights for land and mineral resources, we will be poorer than other countries." *3141_whattha*

"As for 'greater efficiency' of private owners — if they rob the country — maybe it is better for this robbing to be 'less efficient'? In fact, for so many years of the 'free market,' so much of the old has been stolen and so little new has been created." *Avamka*

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Voting Heavy in Ghana

ACCRA, Ghana (Reuters) — Ghanaians turned out in large numbers on Sunday to vote for president in an election between two foreign-trained lawyers hoping to lead the country into an era of oil-fueled prosperity.

Observers said voting was generally peaceful despite delays in some areas and violence at a handful of polling places.

Eight candidates are running, but many people expect a runoff election on Dec. 28 between Nana Akufo-Addo of the New Patriotic Party and John Atta Mills of the opposition National Democratic Congress.

Provisional results are expected midweek.

Do not forget the Needles!