Excellence in Explanatory Reporting
Dissecting China's Anticorruption Campaign
Jonathan Ansfield, Chris Buckley, Michael Forsythe, Andrew Jacobs and Didi Kirsten Tatlow
International New York Times

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2. Graft inquiry signals a change in China
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International New York Times

WEDNESDAY, APRIL 2, 2014

SOE THAN WIN/AGENCE FRANCE-PRESSE

Myanmar count A police officer keeping watch over a Rohingya Muslim household in the western state of Rakhine on Tuesday as Myanmar carried out a national census. International relief agencies have warned of an impending aid crisis there if they are not allowed back in, after Buddhist mobs chased them out for helping the Rohingya.

With graft case, Xi casts wider net

BEIJING

Chinese president seizes on charges against general to rein in military

BY JONATHAN ANSFIELD

The unmarked People's Liberation Army apartment complex ensconced amid high-rises along Beijing's East Fourth Ring Road reveals nothing extraordinary in front. But tucked in the back are three villas trimmed in a mock colonial motif, with white gridded windows and red-tiled roofs.

A guard at the gate one recent afternoon said the villas were guesthouses for top visiting officers. People with high-level military ties offered further insight: The villas are among hundreds of ''generals' mansions'' built by Gu Junshan, the lieutenant general at the center of what may be the biggest corruption scandal to engulf the Chinese military.

On Monday, prosecutors formally charged General Gu with bribery, embezzlement, misuse of state funds and abuse of power, the outcome of a far-reaching inquiry under President Xi Jinping that could foreshadow unprecedented criminal prosecutions of other high-ranking military figures.

The charges against General Gu, reported by the official Xinhua news agency, came two years after he was quietly dismissed as deputy chief of the People's Liberation Army's General Logistics Department, a position that had afforded him enormous influence over contracts and procurement for the world's largest army.

An internal inquiry accused him of presiding over a vast land development racket that hoarded kickbacks, bought promotions and enabled him and his family to amass dozens of expensive residences, including places where investigators found stockpiles of high-end liquor, gold bullion and cash, according to people briefed on the investigation.

Even as Mr. Xi has pressed a sweeping campaign against graft in the Communist Party, he has seized on the case against General Gu to pursue a parallel drive to clean up the 2.3 million-member armed forces.

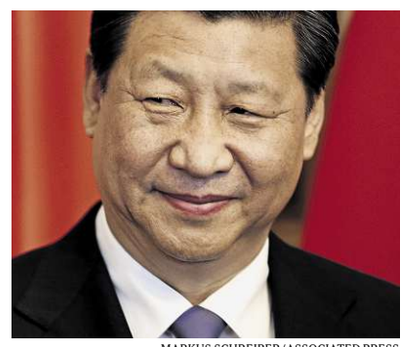
In internal speeches, Mr. Xi has railed against a wider ''Gu Junshan phenomenon'' of military corruption, demanded action to ''dredge the soil that produced Gu Junshan,'' and threatened to bring down both ''large and small Gu Junshans,'' said a retired official and associate of Mr. Xi's.

In doing so, Mr. Xi is challenging military elders who promoted General Gu and have sought to protect him and themselves from the expanding investigation, the people with knowledge of the inquiry said. Mr. Xi's goal, they said, is to transform a service larded with pet projects and patronage networks into a leaner fighting force more adept at projecting power abroad and buttressing party rule at home — and to strengthen his own authority.

His campaign presents him with a cudgel to enforce tighter control over an institution that some say has drifted from the party leadership's orbit even as it remains a bulwark of one-party rule. The investigation into General Gu has shaken the army because of the brazen scale of his activities — estimates of his assets range from several hundred million to a few billion dollars — and because it threatens some of its most senior figures.

General Gu has already provided investigators with enough information to target powerful patrons, principally Xu Caihou, the army's second-ranking general and a Politburo member before retiring in 2012, people with knowledge of the inquiry said. These people, who include retired military officers, foreign diplomats and children of former senior leaders, spoke on the condition of an-

CHINA, PAGE 5



MARKUS SCHREIBER/ASSOCIATED PRESS

President Xi Jinping has plans to restructure the Chinese military's bureaucracy.

Japan ends longstanding ban on arms exports

TOKYO

Tokyo's decision aims to bolster regional clout and offset China's might

BY MARTIN FACKLER

Taking his nation another step away from its postwar pacifism, the government of Prime Minister Shinzo Abe discarded a half-century ban on the export of weapons and military hardware on Tuesday, in a move aimed at helping Japan assume a larger regional security role in order to offset China's growing military might.

The decision, which had been under consideration for years before Mr. Abe took office, replaced the self-imposed ban dating from the late 1960s with new, still restrictive guidelines that permit the export of weapons only to allies and partners who agree not to sell them to third nations without Japanese approval. The new guidelines will also make it easier for Japan to join multinational development projects for expensive new weapons systems, such as the American-led effort to build the F-35 stealth fighter jet.

The move formalizes a change that had already begun in incremental steps a few years ago, as Japan created a growing number of exceptions to its export ban, known as the ''three principles.'' The principles were among the most visible pillars of Japan's post-World War II renunciation of war, along with its pacifist Constitution, which Mr. Abe has also said he wants to revise.

Analysts said getting rid of the principles is partly aimed at opening new markets for Japanese defense companies at a time when Japan's own military spending, while up for the first time in a decade, remains severely constrained by ballooning budget deficits. But they said Mr. Abe had finally decided to carry out the long-discussed change to achieve a larger strategic goal: increasing Japan's regional influence by offering its technologically sophisticated defense hardware to other

JAPAN, PAGE 4

New book adds to scrutiny of Wall Street's warp speed

BY MICHAEL J. DE LA MERCED AND WILLIAM ALDEN

Wall Street traders are used to waking up before dawn. But on Monday, they didn't rush to read the overnight news from Asia — it was the latest from Michael Lewis.

Rustled out of bed on Monday by his toddler, William O'Brien downloaded ''Flash Boys,'' the new book by Mr. Lewis, onto his e-reader — and fumed as he devoured the pages during his morning commute to BATS Global Markets, the stock exchange where he serves as president.

By daybreak, the 274-page book had become the talk of Wall Street. ''Flash Boys,'' an excerpt from which was published on the New York Times website, threw fuel on the running debate over a field known as high-frequency trading.

Mr. Lewis, whose 1989 Wall Street Bildungsroman ''Liar's Poker'' influenced a generation of traders, concludes that, over all, practitioners of high-speed, computerized trading are rigging the financial markets at the expense of everyone else.

Already, officials at the Federal Bu-

TRADING, PAGE 15

FAULT RUNS DEEP IN ULTRAFAST TRADING
The book ''Flash Boys'' glosses over the real villains in high-frequency trading, Andrew Ross Sorkin writes. *PAGE 18*

MIKE BELLEME FOR THE NEW YORK TIMES

Pete Matsko, who owns the Backstreets Pub & Grill in Clemson, S.C., became the target of a national backlash after putting up a sign telling customers not to bring guns.

Restaurateurs find themselves tied up in U.S. culture wars

CLEMSON, S.C.

BY KIM SEVERSON

Pete Matsko expected a little pushback when he posted a sarcastic sign banning concealed weapons from Backstreets Pub & Grill, his beer and burger bar in this college town, but he did not expect to become a national target.

Within weeks, he was slammed with so many online attacks and harassing phone calls that he changed his number and started asking the police to open his mail.

A new concealed-weapons law in South Carolina turned his pub into a battlefield in America's culture wars. Like an increasing number of bar and restaurant owners around the country, Mr. Matsko discovered that his politics can matter more than what he serves.

As the position restaurants hold in American culture grows, so, too, does the list of issues on which chefs are asked to make a stand. Refusing to bake a cake for a gay wedding, requesting that a woman not breast-feed at the table or trying to prevent a diner from wearing a gun can have serious business implications.

''It's almost like restaurants have to have a political strategist on board now when they put together their marketing plan,'' said Andrew Freeman, a San

RESTAURANTS, PAGE 5

INSIDE TODAY'S PAPER

India-U.S. ties not quite warming
Far from coordinating on global events, India and the United States have been on opposite sides of most major issues and find themselves engaging in spat after spat. WORLD NEWS, 5

O.C.B.C. to buy Hong Kong bank
O.C.B.C. of Singapore said it would pay nearly $5 billion for Wing Hang Bank, one of the last major family-owned banks in Hong Kong. BUSINESS, 14

U.S. and Israel near deal on spy
The accord would extend Mideast peace talks through 2015 in exchange for the release of an American convicted of spying for Israel. WORLD NEWS, 6

The foreign fighters and me
Those volunteers now flocking to take up arms in Syria: Masood Farivar saw their type in Afghanistan, where he fought in the 1980s against the Soviets. OPINION, 8

KONSTANTIN IVANOV/EUROPEAN PRESSPHOTO AGENCY

DISARMING VIGILANTES **Ukrainian forces supervising the withdrawal of members of Right Sector, an ultranationalist group, from its headquarters in Kiev on Tuesday.** WORLD NEWS, 6

ONLINE AT INYT.COM

Filial duties, performed for a fee
For those Chinese who cannot go home and sweep family graves during the traditional ''tomb sweeping'' festival, some online companies are offering their services. **sinosphere.blogs.nytimes.com**

Challengers take on Gandhi scions
A popular Indian actress and a Supreme Court lawyer will be standing against two Gandhis aiming for seats in the state of Uttar Pradesh. **india.blogs.nytimes.com**

Egypt campaign launched on a bike
In a throwback to the Mubarak era, bloggers found themselves parsing images of the nation's most powerful man, astride a mountain bike, released ahead of a presidential election. **thelede.blogs.nytimes.com**

Caterpillar's Swiss subsidiary
A Senate report said the American company used the unit to avoid $2.4 billion in taxes. **nytimes.com/business**

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Bali RP 28,000 (including PPN)	Hong Kong HK$ 24.00	Maldives US$ 3.80	Seoul Won 2,000	Vietnam US$ 4.00
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Bangkok Thai Baht 80.00	Jakarta RP 28,000 (including PPN)	Myanmar US$ 4.50	Sydney A$ 8.25 (GST Incl.)	
Brunei B$ 8.00	Japan Yen 200 (Tax included.)	Nepal NRs 50.00	Taipei NT 115.00	
Cambodia US$ 3.50	Macau P 24.00	Pakistan RS 20.00	Taiwan NT 115.00	
China RMB 29.00	Malaysia RM 7.50/8.00	Philippines Peso 100.00	Thailand Thai Baht 80.00	

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CURRENCIES NEW YORK, TUESDAY 11:00AM

				PREVIOUS
▲	Euro	€1=	$1.3790	$1.3770
▼	Pound	£1=	$1.6630	$1.6660
▼	Yen	$1=	¥103.450	¥103.190
▲	S. Franc	$1=	SF0.8830	SF0.8840

Full currency rates Page 17

STOCK INDEXES TUESDAY

▲	The Dow 11:00am	16,538.91	+0.49%
▲	FTSE 100 4pm	6,650.56	+0.79%
▼	Nikkei 225 close	14,791.99	–0.24%

OIL NEW YORK, TUESDAY 11:00AM

▼	Light sweet crude	$100.78	–$0.65

U.S. ties to India not quite warming

NEW DELHI

Democracies are at odds on major issues and caught in spat after spat

BY GARDINER HARRIS

When President Obama visited India in 2010, he called the warming relationship between it and the United States the ''defining partnership of the 21st century.'' Decades of disagreements, from Cold War ideological battles to squabbles over the United States' close relationship with India's archrival, Pakistan, would take a back seat to the many shared interests of two of the world's largest and most diverse democracies.

But almost four years later, the United States and India have found themselves on opposite sides of the world's most important diplomatic issues, from the crisis in Ukraine, in which India came to Russia's defense, to a long-awaited vote to investigate Sri Lanka's government for atrocities committed at the end of its civil war (India abstained). Even critical military coordination over the reduction of troops in nearby Afghanistan has suffered.

Far from coordinating on major global issues, the two countries are embroiled in a series of spats over privileges, visas and even swimming pools in a nasty fight stemming from the arrest and strip-search in New York City of Devyani Khobragade, an Indian consular official, in December on charges of submitting false documents to obtain a work visa for a housekeeper whom she then severely underpaid.

TSERING TOPGYAL/ASSOCIATED PRESS

Ambassador Nancy J. Powell had been a focus of Indian irritation before she resigned.

The arrest infuriated senior members of India's diplomatic service, many of whom had paid their maids comparably when posted in New York. For them, the arrest was one of a series of American actions deemed insensitive here.

And on Monday, the United States' ambassador in New Delhi, Nancy J. Powell, announced her resignation after a 37-year diplomatic career. While Ms. Powell told a gathering at the embassy that her departure was unrelated to growing problems with India, she had become a focus of unhappiness among Indian diplomats and politicians. The Indian news media had reported speculation that the United States was considering replacing Ms. Powell in hopes of improving ties.

''There is a growing feeling among Indian policy makers that no matter what concessions or policy adjustments our leadership pushes through at the request of American businesses and the administration, there is always something new to complain about,'' said a senior Indian diplomat, who spoke on the condition of anonymity because he was not authorized to speak publicly. ''There is a feeling that no one in this administration is a champion of the India-U.S. relationship.''

American diplomats have largely refused to speak publicly about the growing problems, describing the disputes as routine disagreements that other countries would resolve quietly.

Several top American officials said they hoped that a new Indian government, likely to be in place in May, would help reset relations.

But that will not be easy. After Russia invaded Crimea, much of the world criticized Moscow, with even China and Iran obliquely expressing concerns. India, almost alone among major countries, supported Russia, with its national security adviser, Shivshankar Menon, citing ''legitimate Russian and other interests involved.''

In response, President Vladimir V. Putin of Russia praised ''India's reserve and objectivity'' in a March 18 speech before the Duma, the lower house of the Russian Parliament. On Thursday, India was among 58 countries that abstained from a United Nations General Assembly vote seen as condemning Russia.

''The Indians have not made it easy,'' said R. Nicholas Burns, a former senior American diplomat and now a professor of diplomacy at Harvard's John F. Kennedy School of Government. ''It would certainly be of benefit if the Indians were stronger partners in the major challenges to peace like Iran and Russia in recent years.''

In person, Mr. Obama and Prime Minister Manmohan Singh of India have demonstrated affection for each other, with Mr. Obama calling Mr. Singh his guru and Mr. Singh referring to Mr. Obama as a personal friend.

But Mr. Singh is not expected to remain as prime minister past May, no matter who wins coming elections, and he has all but disappeared from Indian politics in recent weeks. Senior Indian diplomats also complain that Mr. Obama has ignored India.

''We can't get any attention from this administration, but you can't solve serious problems without them,'' said another senior Indian diplomat who also was not authorized to speak publicly. ''They're busy with Russia, Syria, the Middle East and Iran. But in the current circumstances, it is vital that they also pay attention to the India relationship soon, since the current drift could get much worse.''

In response to Ms. Khobragade's arrest, officials here have revoked some privileges of American diplomats, removing security barriers in front of the American Embassy and investigating the American Embassy School.

Both sides emphasize that the relationship is far better than it was during the Cold War when President Richard M. Nixon sent the Seventh Fleet into the Bay of Bengal to threaten India. As recently as 2000, an episode of ''The West Wing'' showed a fictional President Josiah Bartlet mediating between a reasonable and urbane Pakistani ambassador and a bellicose and unhinged Indian one — views of the two countries that have flipped almost entirely since then.

''This relationship is one that still needs nurturing,'' said K. Shankar Bajpai, a former Indian ambassador to the United States. ''And there doesn't seem to be anyone on either side doing that.''

AGENCE FRANCE-PRESSE

A home in Henan Province owned by Lt. Gen. Gu Junshan, who is accused of presiding over a vast land development racket that hoarded kickbacks and bought promotions.

With graft case, Xi casts a wider net

CHINA, FROM PAGE 1

onymity for fear of retaliation.

Several said investigators had restricted the movements of General Xu, who has been hospitalized with bladder cancer. If Mr. Xi were to move formally against General Xu, he would enter uncharted territory. No military leader of General Xu's stature has ever been toppled for corruption.

Mr. Xi, unlike his immediate predecessors, took over the military and the party at the same time — in November 2012 — and brought strong military ties. After attending college, he served as an aide to a top military official. His father was a revolutionary guerrilla commander. His wife was a star in the P.L.A.'s song-and-dance troupe. Gen. Liu Yuan, the political commissar of the logistics department who is credited with helping to initiate the anticorruption drive, is among his oldest comrades.

While his predecessors struggled to manage the military, Mr. Xi regards it as a bastion of support and has embraced its vision of China as a more robust power, diplomats and analysts said.

In an internal speech soon after taking office, he made a point of placing blame for the collapse of the Soviet Union in part on Mikhail S. Gorbachev's losing control of the military. ''His implication was: 'I'm going to take charge of the military for real. I'm not going to be like the last two administrations, putting up with you as you bumble around,' '' the associate of Mr. Xi said.

Early on, he and others said, Mr. Xi established a routine of working at the Central Military Commission headquarters at least half a day each week, significantly more often than previous party chiefs.

Mr. Xi has ordered a stream of anti-graft measures, audits and criticism sessions; enlarged drills to upgrade ''battle readiness''; and advanced contentious plans to restructure a military bureaucracy criticized as bloated and outmoded. Those plans are expected to overhaul the command structure, streamline the army's procurement practices and significantly downsize nonmilitary divisions such as the performance troupes.

''Xi Jinping is highly aware of the deepening complexities in China's neighborhood, so the P.L.A. has never been more in demand,'' said Zhu Feng, an international security expert at Peking University. ''The P.L.A. spends a lot of money, but the question is, how are they following up on all the spending?''

Corruption has bedeviled the military since the market overhauls of the 1980s, when it was permitted to venture into industry and earn the funds to modernize its arsenal and sustain its troops. Widespread smuggling, graft and profiteering ensued. It took years of debate for the party in 1998 to order the military to divest from business. But as Beijing increased military spending, officers tapped these resources for profit.

The army retains extensive land holdings, which have ballooned in value in line with property prices across the country, and real estate transactions are considered its biggest source of corruption. One former military officer said generals sometimes evaded regulations limiting the size of their residences by building ceilings twice the standard height. ''That way they can add a floor later,'' he said.

Bribery for promotions is believed to be more institutionalized than within the party. Insiders say an endorsement for a general's slot can carry a price of hundreds of thousands of dollars. Procurement is plagued by waste and fraud. One recent order for fighter jet canopies, for example, cost nearly three times more than a state aviation contractor's bid and resulted in products riddled with flaws, according to an academic with the institution that designed the part.

Such abuses proliferated under Mr. Xi's predecessor, Hu Jintao, who was often seen as ineffectual and disengaged from military affairs. It was during that period that General Gu oversaw a multi-billion-dollar construction boom as head of the infrastructure and barracks division. He built several hundred outsize villas for high-ranking officers, profited from scores of land deals and acquired three dozen homes in central Beijing alone, the military insiders said.

Since a military scholar first acknowledged the case against General Gu last August, two Chinese news outlets, Global People and Caixin, have pierced the secrecy surrounding it with investigative reports.

They portrayed General Gu as a stocky farmer's son who made up for his lack of qualifications with networking skills. He married a superior's daughter, plied higher-ups and underlings with perks, and recently commissioned a biography and a grave site that inflated his father's revolutionary credentials, they reported.

In the family's hometown in central China, his brother, a former village party chief, won local real estate deals and military supply contracts with his backing, they reported. General Gu's wife, a city police official, worked to intercept villagers who took their grievances against the land deals to Beijing.

In one deal that drew internal scrutiny, General Gu approved more than double the funds that the song-and-dance troupe requested for renovations and collected a kickback worth several hundred thousand dollars in cash and gold bullion, two of the sources said.

General Liu first proposed action against General Gu in late 2011, said two elite party members close to General Liu. Mr. Hu, who was nearing the end of his presidency, then asked the military's disciplinary agency to suspend General Gu twice, they said, but encountered resistance from top military leaders. Only after Mr. Hu ordered the party's own disciplinary body to investigate was the military forced to take action.

Even then, investigators moved slowly. By fall 2012, the military was preparing an indictment accusing the general of pocketing less than $1 million in bribes and kickbacks, the retired official said. But Mr. Xi was incensed by the case and, after he took office, widened the scope of the inquiry. A turning point came in January 2013, when investigators raided a storage chamber General Gu kept in his home village and hauled off four truckloads of items, including 20 crates of liquor and a pure gold statue of Chairman Mao, Caixin reported.

China's Defense Ministry did not answer a request for comment on the case.

Mia Li contributed research.

Want guns with that? U.S. restaurateurs find politics hotter than kitchen

RESTAURANTS, FROM PAGE 1

Francisco-based consultant to the restaurant and hotel industry.

The shift is as much a reflection of a nation deeply divided on social issues as it is about the changing role of restaurants and chefs.

''We've become the national dinner table,'' said David McMillan, an owner of the coastal restaurant Drunken Jack's in Murrells Inlet, S.C., and chairman of the South Carolina Restaurant and Lodging Association.

''It's more than just cooking food,'' he said. ''We have to be allergen experts and nutritional experts and now Second Amendment experts.''

Restaurants have long been social barometers, sometimes setting informal public policy by how they do business. In Northern states, a de facto set of Jim Crow laws were enforced by racially segregated restaurants. In the South, lunch-counter protests helped dismantle the region's formal segregation laws.

Some celebrity chefs like Tom Colicchio, Alice Waters, Marcus Samuelsson and Jean-Georges Vongerichten embrace their roles as food activists and political players, speaking publicly on issues and hosting big-ticket campaign fund-raisers.

Other restaurants contribute to the social debate through foundations that can sometimes bring controversy. Chick-fil-A was a target in 2012 after reports showed its foundation gave millions of dollars in donations to groups fighting gay rights.

Restaurants are no longer just places to eat, said Rich Harrill, acting director of the School of Hotel, Restaurant and Tourism Management at the University of South Carolina. They are stand-ins for the family dinner table and provide a community forum.

MIKE BELLEME FOR THE NEW YORK TIMES

''On some nights you have college kids wall to wall in here drinking,'' said Pete Matsko, right. ''You don't want a gun in here.''

''It's interesting that we started to go to Starbucks to look at the paper together and have coffee together, and now we're having a gun discussion there,'' he said, referring to a public statement last fall by Howard Schultz, the chief executive, in which he asked gun owners to not bring weapons into the company's stores.

Still, most restaurateurs want to run a business without controversy. In states with changing gun laws, that has become a challenge.

In February, South Carolina joined a handful of mostly Southern states that allow people with permits to take concealed guns into bars and restaurants. There are two caveats: Armed patrons cannot drink alcohol, and restaurants can opt out by posting a sign banning guns.

In a state with more than 230,000 such permits and a large population that grew up with guns, the policy had strong support from many state lawmakers and both candidates in the approaching governor's race.

Mr. Matsko, who owns two handguns, decided to post a sign in his pub banning them.

''On some nights you have college kids wall to wall in here drinking,'' he said. ''You don't want a gun in here.''

On reflection, he said he might have been better off using the official state-designed sign instead of his own.

It read, ''If you are such a loser that you feel a need to carry a gun with you when you go out, I do not want your business.'' The sentence followed with a derogatory term used for an obnoxious person.

The sign was up for about a month before things exploded on St. Patrick's Day. Someone posted a photograph of the sign on Twitter. It was posted on the AR-15 Gun Owners of America Facebook page. His sleepy entry on the crowd-sourced restaurant review site Yelp jumped from a few reviews to hundreds. His stars dropped from four to one.

Reactions on Yelp and in other social media questioned Mr. Matsko's dedication to the United States Constitution and the Second Amendment.

'' 'We the People' are happy to go elsewhere,'' Sean Parnell, the author of ''Outlaw Platoon: Heroes, Renegades, Infidels, and the Brotherhood of War in Afghanistan,'' said on Twitter.

Although the state's restaurant and lodging association took no position on the new law, some members say having to post a sign barring guns is akin to putting up a scarlet letter. Many are still deciding what to do.

One is Sean Brock, a well-regarded Southern chef with restaurants in South Carolina and Nashville.

He fired his first gun when he was 8, and he sleeps beside a 9-millimeter handgun every night. But he doesn't want guns in his Husk restaurants.

''It's a bit strange to me that you think you need to carry a gun when you're having a cheeseburger,'' Mr. Brock said.

Still, he and his partners have not decided whether to put up signs prohibiting guns. ''The pressure to make the right move is intense,'' he said. ''When you start to become this stage for rights, you have to be so careful. You can't put your own beliefs up front because it's not just a singular opinion. Your opinion will affect so many other people.''

He has already felt the pressure from advocates of stricter gun control, who came to his office the night he was opening Husk in Nashville last May.

The organization Gun-Free Dining Tennessee, which formed after that state enacted a similar piece of concealed-weapons legislation in 2009, keeps a public list of restaurants that do and do not offer gun-free dining.

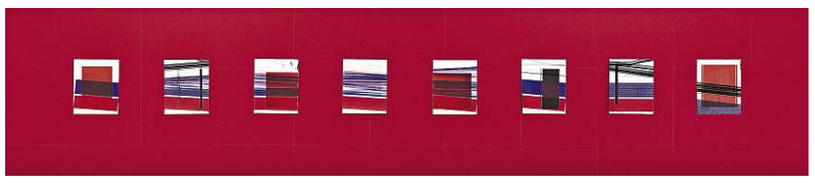
Ray Friedman, a professor at Vanderbilt University who started the list, asked Mr. Brock to post a ''no guns'' sign or face pickets.

''I sympathize with the restaurant owners because they didn't choose to be in the middle of this, but this is where it is playing out,'' Mr. Friedman said.

The intensity of the interaction has made Mr. Brock realize how much the role of the chef has changed.

''People are really looking to you for answers and guidance and your opinion on things,'' Mr. Brock said. ''You have to learn how to speak like a politician when you are speaking to people. Twenty or 30 years ago you were just a guy who made eggs Benedict.''

ART CAPITAL
BUY HIGH, SELL HIGHER
PAGE 13 | CULTURE



EVEREST RISKS
SHERPAS FACE MOST DANGER
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BLEEDING HEART
CONTRADICTION AT WEB'S CORE
PAGE 14 | BUSINESS ASIA

International New York Times

MONDAY, APRIL 21, 2014

Goldman, Citi, UBS … and one guy in an office

Lone banker may be part of a trend in merger and acquisition microfirms

BY JAMES B. STEWART

Anyone looking at the mergers and acquisitions ''league tables'' — the Wall Street equivalent of Major League Baseball's standings — during this hot year for merger activity would find the usual suspects: Morgan Stanley and Goldman Sachs vying for the top spot, with other big brand-name firms jockeying to fill the coveted top 10.

And then, at No. 11, there's Paul Taubman.

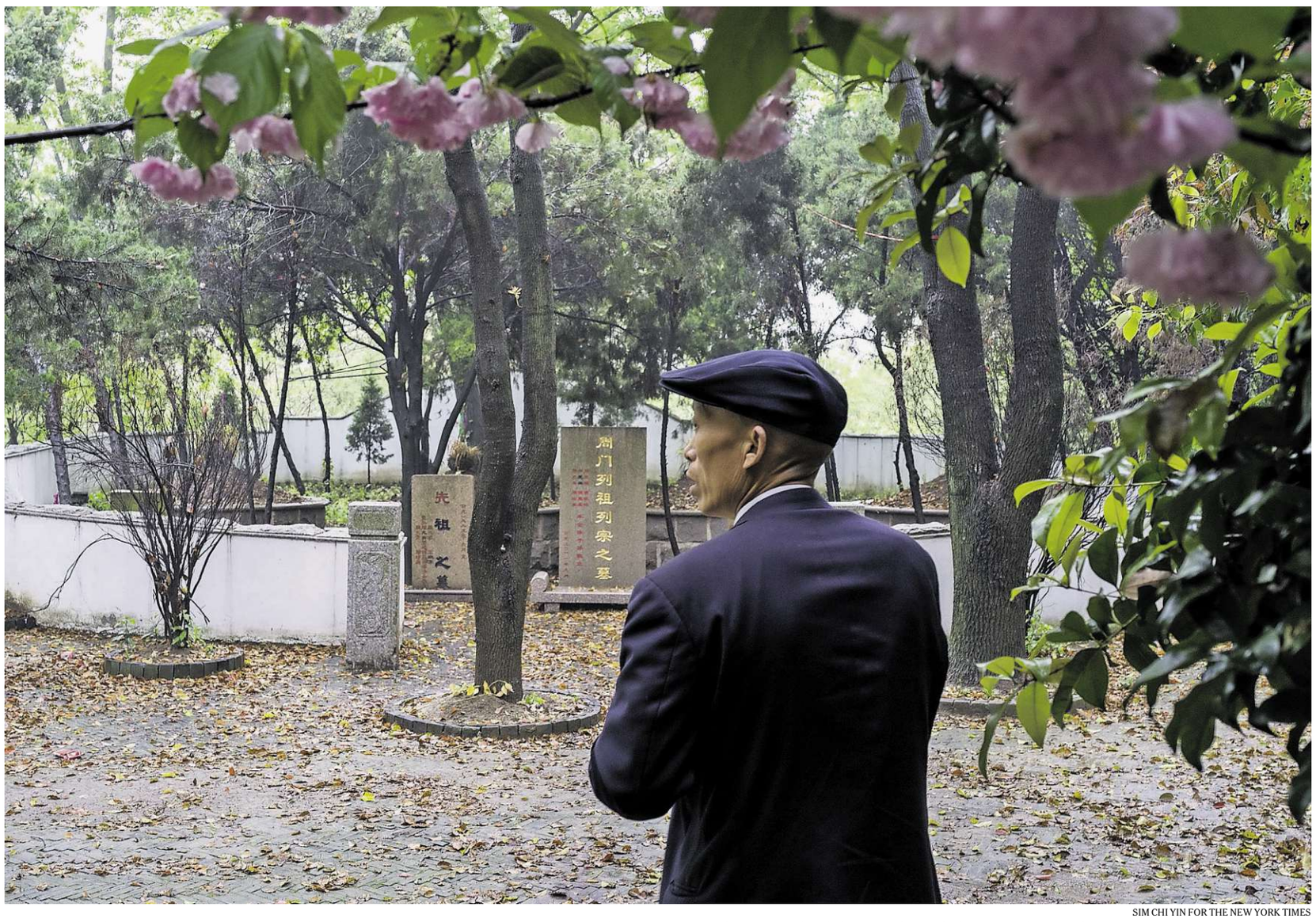
Paul who?

Mr. Taubman isn't exactly a household name outside the limited precincts of investment banking. But at this rate he may become one, despite his personal modesty and long aversion to publicity. Investment bankers told me they couldn't recall another time when an individual occupied a slot this high on the league tables. (He was also No.11 for all of 2013.) Mr. Taubman has singlehandedly accounted for $175 billion in deals over the last year, which has had Wall Street bankers buzzing with a mix of admiration and envy.

Although Mr. Taubman's feat is unusual, he may be part of a fledging trend toward merger and acquisition microfirms or, as in his case, sole practitioners. Two brothers, Michael and Yoël Zaoui, are advising the French cement maker Lafarge in its $60 billion merger with another giant cement maker, Holcim, of Switzerland. Robertson Robey Associates, a microfirm that was known as ''the three Simons'' — Simon Robey, Simon Warshaw and Simon Robertson — until one of them broke off, advised Grupo Corporativo Ono of Spain in its $10 billion acquisition by Vodafone in March. (Mr. Robertson recently split off to form his own operation, and his former partners formed Robey Warshaw.)

Bankers have already coined a new catchword for such small firms:

STEWART, PAGE 15



SIM CHI YIN FOR THE NEW YORK TIMES

The Zhou family's ancestral graves in Wuxi, China, have been attracting the curious since the authorities began detaining relatives of Zhou Yongkang, a former Communist Party leader.

Graft inquiry signals a change in China

HONG KONG

BY MICHAEL FORSYTHE, CHRIS BUCKLEY AND JONATHAN ANSFIELD

By looking into clan's wealth, Xi Jinping takes on corruption and takes down a rival.

His son landed contracts to sell equipment to state oil fields and thousands of filling stations across China. His son's mother-in-law held stakes in pipelines and natural gas pumps from Sichuan Province in the west to the southern isle of Hainan. And his sister-in-law, working from one of Beijing's most prestigious office buildings, invested in mines, property and energy projects.

In thousands of pages of corporate documents describing these ventures, the name that never appears is his own: Zhou Yongkang, the formidable Chinese Communist Party leader who served as China's top security official and the de facto boss of its oil industry.

But President Xi Jinping has targeted Mr. Zhou in an extraordinary corruption inquiry, a first for a Chinese party leader of Mr. Zhou's rank, and put his family's extensive business interests in the cross hairs.

Even by the cutthroat standards of Chinese politics, it is a bold maneuver. The finances of the families of senior leaders are among the deepest and most politically delicate secrets in China. The party has for years followed a tacit rule that relatives of the elite could prosper from the country's economic opening, which rewarded loyalty

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JASON LEE/REUTERS

Zhou Yongkang was China's top security official and de facto boss of its oil industry.

MILAN BURES FOR THE NEW YORK TIMES

Stephan Templ in Prague. ''This is a complete injustice what they are doing to me,'' said the freelance journalist. ''I have embarrassed Austria and this is their revenge.''

Holocaust heir's claim may end in jailing

PARIS

Man is convicted of fraud because his restitution quest omitted his aunt

BY DAN BILEFSKY

Stephan Templ was hoping to right a historic wrong when he fought to reclaim part of an imposing Victorian hospital that was looted from his family by the Nazis in 1938, he says. Instead, he now faces three years behind bars.

Mr. Templ, 53, a bookish freelance journalist, has been convicted of defrauding the Austrian state of some 550,000 euros, or $760,000, by willfully omitting his estranged aunt, Elisabeth Kretschmer, 84, from the restitution claim he made on behalf of his 80-year-old mother in 2005. He is preparing an appeal to the European Court of Justice in Luxembourg.

Now, depending on who is doing the talking, the case has become either an example of wrongful imprisonment, naked avarice or how feuds among multiple heirs can undermine justice in Holocaust restitution cases.

Austrian prosecutors argue that dissembling and greed are to blame for Mr. Templ's predicament. But Mr. Templ made his name exposing Austria's struggle to come to terms with its Nazi past, and he insists that the verdict is the state's retribution.

In a caustic 2001 book called ''Our Vienna,'' he and his co-author and girlfriend, Tina Walzer, wrote a walking guide of the Austrian capital detailing how prized Viennese attractions, like the grand Hotel Imperial and the storied Café Bräunerhof, were among hundreds of Jewish businesses seized by the Nazis and never given back. The book earned wide notoriety in Austria and achieved international attention.

''This is a complete injustice what they are doing to me,'' he said by phone from Prague, where he also has a home. ''I have embarrassed Austria, and this is their revenge.''

In a region still struggling to grapple with the Nazi past, Austria, which long saw itself as Hitler's first victim, has made belated but significant progress.

In 2001 it signed the Washington

AUSTRIA, PAGE 4

Obama takes a page from Cold War playbook

WASHINGTON

Favoring containment, president is working to limit Putin's influence

BY PETER BAKER

Even as the crisis in Ukraine continues to defy easy resolution, President Obama and his national security team are looking beyond the immediate conflict to forge a new long-term approach to Russia that applies an updated version of the Cold War strategy of containment.

Just as the United States resolved in the aftermath of World War II to counter the Soviet Union and its global ambitions, Mr. Obama is focused on isolating President Vladimir V. Putin's Russia by cutting off its economic and political ties to the outside world, limiting its expansionist ambitions in its own neighborhood and effectively making it a pariah state.

Mr. Obama has concluded that even if there is a resolution to the current standoff over Crimea and eastern Ukraine, he will never have a constructive relationship with Mr. Putin, aides said. As a result, Mr. Obama will spend his final two and a half years in office trying to minimize the disruption Mr. Putin can cause, preserve whatever marginal cooperation can be saved and otherwise ignore the master of the Kremlin in favor of other foreign policy areas where progress remains possible.

''That is the strategy we ought to be pursuing,'' said Ivo H. Daalder, formerly Mr. Obama's ambassador to NATO and now president of the Chicago Council on Global Affairs. ''If you just stand there, be confident and raise the cost gradually and increasingly to Russia, that doesn't solve your Crimea problem and it probably doesn't solve your eastern Ukraine problem. But it may solve your Russia problem.''

The manifestation of this thinking can be seen in Mr. Obama's pending choice for the next ambassador to Moscow. While not officially final, the White House is preparing to nominate John F. Tefft, a career diplomat who previously served as ambassador to Ukraine, Georgia and Lithuania.

When the search began months ago, administration officials were leery of sending Mr. Tefft because of concern that his experience in former Soviet republics that have flouted Moscow's influence would irritate Russia. Now, officials said, there is no reluctance to offend the Kremlin.

In effect, Mr. Obama is retrofitting for a new age the approach to Moscow that was first set out by the diplomat George F. Kennan in 1947 and that dominated American strategy through the fall of the Soviet Union.

The administration's priority is to hold together an international consensus against Russia, including even China, its longtime supporter on the United Nations Security Council.

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TIGHTENING GRIP IN EASTERN UKRAINE
Pro-Russian militants in Ukraine have turned to consolidating political power over areas under their control. *PAGE 5*

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Service alerts, instead of recalls
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In Shanghai, Lewis Hamilton led from start to finish as he grabbed his third successive Formula One victory this season ahead of his teammate Nico Rosberg, with Mercedes finishing 1-2 once again. SPORTS, 12

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Bali RP 28,000 (including PPN)	Hong Kong HK$ 24.00	Maldives US$ 3.80	Seoul Won 2,000	Vietnam US$ 4.00
Bangladesh Tk. 135.00	Indonesia RP 28,000 (PPN Incl.)	Manila Peso 100.00	Singapore US$ 4.70 (GST Incl.)	
Bangkok Thai Baht 80.00	Jakarta RP 28,000 (including PPN)	Myanmar US$ 4.50	Sydney A$ 8.25 (GST Incl.)	
Brunei B$ 8.00	Japan Yen 200 (Tax included.)	Nepal NRs 50.00	Taipei NT 115.00	
Cambodia US$ 3.50	Macau P 24.00	Pakistan RS 20.00	Taiwan NT 115.00	
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Town studies how to rebuild
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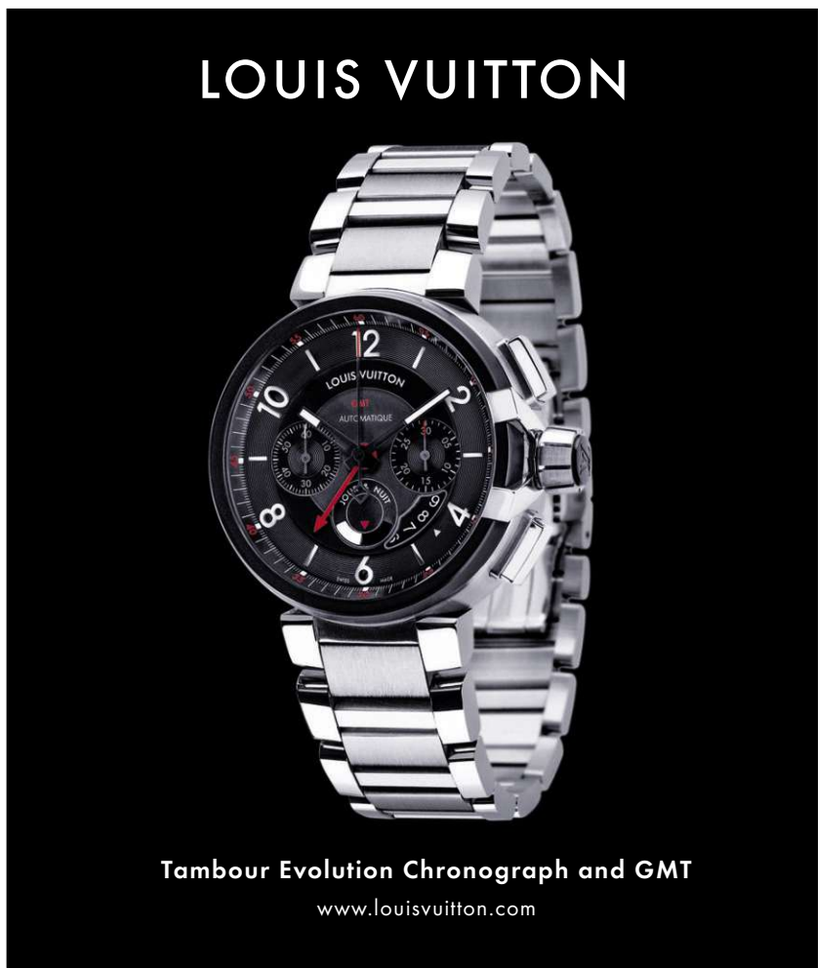
A 12-year-old's trek of despair
In the care of smugglers, a 12-year-old girl set out from Ecuador to join her parents, who had immigrated illegally to New York. She made it to Mexico before she died. **nytimes.com/region**

When diamonds are dirt cheap
Technology has the potential to affect the value of items that are now rare and expensive, including diamonds and paintings. **nytimes.com/business**

Shaking up the way golf is played
The golf scene in the United States has lost five million players in the past decade, leading to a growing revolution to create alternative forms of the game, like making the hole nearly four times as wide. **nytimes.com/golf**

Fright nights in the N.B.A.
Visiting opponents of the Oklahoma City Thunder often stay in the Skirvin Hilton Hotel, where a housekeeper's ghost may or may not leave them shaken and bleary-eyed. **nytimes.com/sports**



World News

ASIA

Inquiry into family's wealth marks change in China

ZHOU, FROM PAGE 1

and helped avert rifts in the leadership.

Whether to wipe out Mr. Zhou's influence or to send an unmistakable signal to the entire party elite, Mr. Xi appears to be rewriting the rules. He has widened the inquiry into Mr. Zhou to include his wife, a son, a brother, a sister-in-law, a daughter-in-law and the son's father-in-law, all of whom have been taken away by the authorities in recent months, according to relatives and witnesses.

Zhan Minli, one of the few members of the clan who remain free, said her granddaughter — who is also Mr. Zhou's granddaughter — has been left in the care of a kindergarten in Beijing because the rest of the family is in custody. ''It is too cruel for a 5-year-old child,'' she said in an interview in her home in Southern California. ''The government needs to answer to the people as well as the leadership itself,'' she added.

Officially, the Chinese leadership has said nothing about the corruption investigation into Mr. Zhou or the detention of his immediate relatives, and Mr. Xi's ultimate intentions about how to handle the case remain a matter of speculation.

Some political analysts argue that a leader of Mr. Zhou's status would not face an inquiry of this kind unless Mr. Xi regarded him as a direct threat to his power. In other words, Mr. Zhou is the loser in a political struggle. His family's financial dealings lost their immunity only because Mr. Zhou fell from favor, not because elite business dealings were being criminalized.

But another school of thought is that Mr. Xi considers the enormous agglomeration of wealth by spouses, children and siblings of top-ranking officials a threat to China's stability by encouraging mercenary corruption and harming the party's public standing. Those people say he has pushed the Zhou investigation beyond traditional bounds to signal that the rules have changed and that top leaders will be held responsible for their family's business activities, even though Mr. Xi's own family members are among those who have grown rich.

If that is so, the case has the potential to alter the political compact of China's boom years. For many elite clans, like Mr. Zhou's, acquiring stakes in lucrative enterprises that did business in the realm that the family patriarch supervised was not effectively banned — and sometimes not even well disguised.

An investigation by The New York Times of the assets held by Mr. Zhou's relatives highlights the considerable sums involved and illustrates how deeply invested members of the party establishment are in industries where political connections are important.

Three of Mr. Zhou's relatives — a sister-in-law, a son and Ms. Zhan, the son's mother-in-law — hold or have controlled stakes in at least 37 companies scattered across a dozen provinces, from Audi dealerships to property firms, according to corporate documents filed with the government. Seventeen focus on investments in energy, mostly in ventures with the state-owned oil giant China National Petroleum Corporation, which Mr. Zhou headed in the 1990s. Nine center on Sichuan Province, where Mr. Zhou served as party chief from 1999 to 2002.

''Because of his connections to energy, land and the internal security system, in effect the family had kind of carte blanche to go into anything they wanted,'' said Andrew Wedeman, a professor of political science at Georgia State University who studies corruption in China.

The finances of the families of senior leaders are among the deepest and most politically delicate secrets in China.

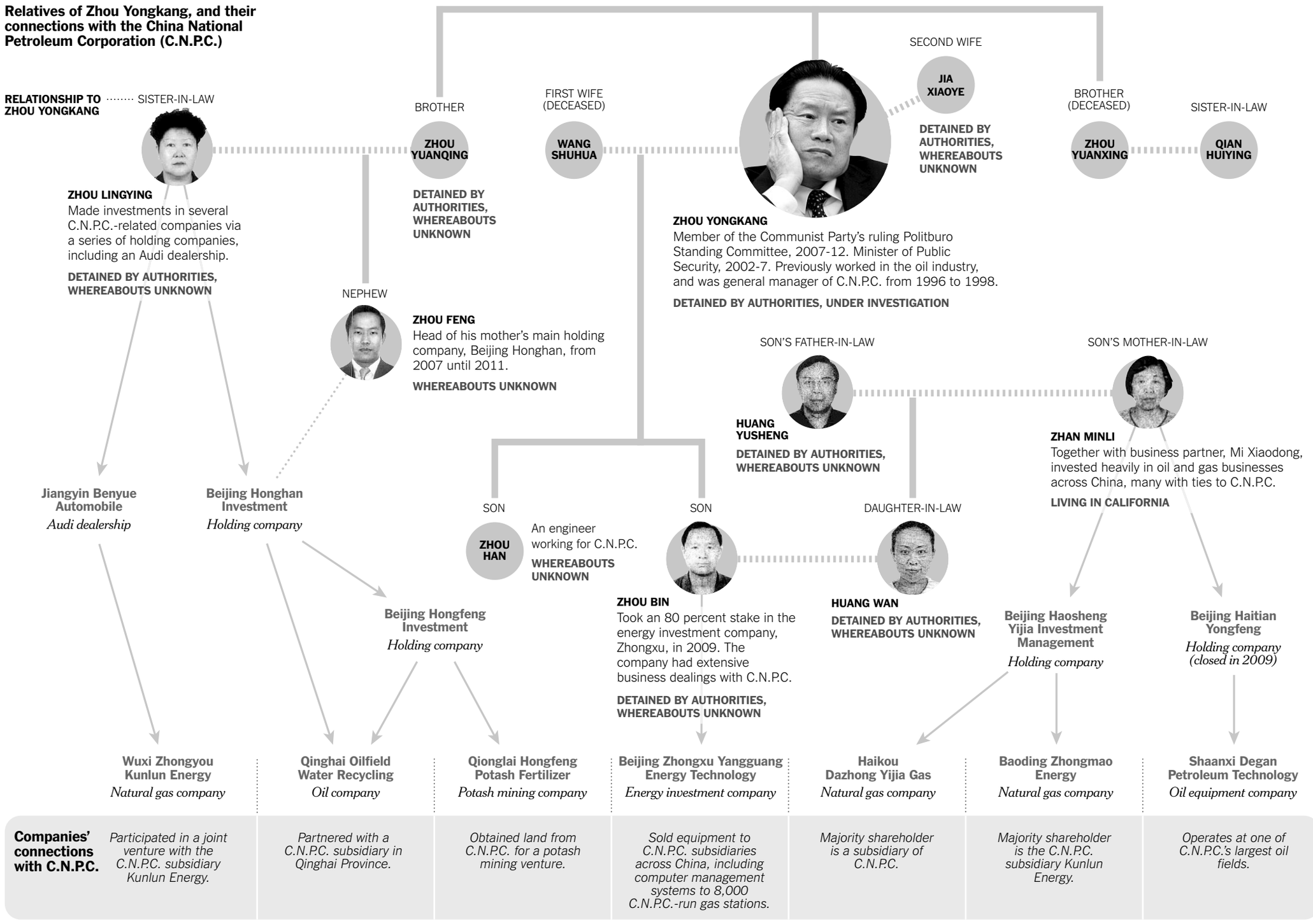
In all, the holdings examined by The Times are worth at least one billion renminbi, or about $160 million, though that estimate is based on a limited assessment of each company's value and does not include real estate or overseas assets, which are more difficult to identify and assess.

Even so, these assets make Mr. Zhou the third member of the nine-man Politburo Standing Committee that ruled China from 2007 to 2012 to have family members with documented wealth exceeding $150 million.

In 2012, The Times reported that relatives of Wen Jiabao, then the prime minister, controlled investments worth at least $2.7 billion. And Bloomberg News linked hundreds of millions of dollars in assets to the extended family of Mr. Xi, who was China's vice president and leader in waiting at the time. There is no indication that the authorities have investigated the financial dealings of Mr. Wen's or Mr. Xi's relatives.

Zhou family ties

Zhou Yongkang, a member of China's ruling Politburo Standing Committee from 2007 to 2012, is the subject of one of the highest-level corruption investigations in the history of the People's Republic of China. Several members of his family, over the years Mr. Zhou was in power, made investments in companies with ties to the China National Petroleum Corporation, the state oil company formerly run by Mr. Zhou, although there is no evidence to show that Mr. Zhou was personally involved in the dealings.



ZHOU YONGKANG PHOTO BY JASON LEE/REUTERS; GRAPHIC BY GUILBERT GATES/THE NEW YORK TIMES

LONG TIES TO OIL INDUSTRY

The first hint of a move against Mr. Zhou came in late 2012, shortly after Mr. Xi formally became China's top leader. Within three weeks of Mr. Xi's elevation, and Mr. Zhou's retirement, party investigators detained a senior official in Sichuan Province who had risen under Mr. Zhou's wing. Since then, the authorities have detained and announced investigations into more than two dozen of Mr. Zhou's former aides and colleagues, and their business allies, including seven men who worked as senior managers at China National Petroleum Corporation or its listed arm, PetroChina.

No evidence has emerged that proves Mr. Zhou, 71, was involved in the investments or did anything illegal. Nor is it clear that his relatives violated any Chinese laws or actively used their relationship with Mr. Zhou to secure deals. But Mr. Xi appears confident that he has enough evidence to eliminate Mr. Zhou's influence.

The son of a beet farmer who caught eels as a sideline, Mr. Zhou rose to become one of the most feared politicians in China. He began his career as an oil field technician, spending more than a decade in the 1970s and early 1980s working his way up the administration overseeing the Liaohe Oil Field in northeastern China. He kept rising through the ranks until he became head of C.N.P.C., the nation's largest energy company, which accounts for more than half of China's oil production and three quarters of its gas production.

Mr. Zhou later became party chief of Sichuan, one of the country's most populous provinces. In 2002, he was appointed minister of public security and, in 2007, he joined the Politburo Standing Committee, the party's top echelon, and assumed control of the body overseeing the police, courts and intelligence agents.

But even as a domestic security chief, Mr. Zhou kept a proprietorial eye on the oil and gas sector, occasionally visiting C.N.P.C. facilities in China and abroad. Mr. Zhou's last known public appearance was a visit in October to his alma mater, the China University of Petroleum in Beijing, where he exhorted students to abide by the university's motto: ''I will contribute oil for the motherland.''

Mr. Zhou's relationship with C.N.P.C. gave him influence over a unique player in the Chinese economy, a giant firm with annual revenue in excess of $400 billion, operations from Sudan to Venezuela and tendrils in every corner of China. Enjoying near monopoly status in some regions and industries, the company is a magnet for politically connected people seeking money-making opportunities.

At least three of Mr. Zhou's relatives profited from C.N.P.C.'s rise: his oldest son, Zhou Bin; Ms. Zhan; and his sister-in-law Zhou Lingying, the wife of a younger brother.

Zhou Bin, 42, is majority owner of a Beijing company that sells equipment to Liaohe as well as to C.N.P.C. oil fields in at least three other provinces, corporate records show. His mother-in-law, Zhan Minli, 71, owns companies selling natural gas with C.N.P.C. in two provinces. And Zhou Lingying, 63, teamed up with C.N.P.C. to sell natural gas in another province and owns stakes in companies that also work with C.N.P.C. in western China, according to the documents.

All told, the three relatives hold or have recently held ownership stakes in at least 11 companies that have done business with C.N.P.C. or the other state-owned oil giant, Sinopec, company documents show. At least four of the companies are owned in part by C.N.P.C. subsidiaries.

In each case, the investments came long after Mr. Zhou left C.N.P.C. and had ascended to the Politburo.

AN OFFICE SUDDENLY CLOSES

A short walk south from C.N.P.C. headquarters in Beijing, the offices on the 21st floor of the gleaming New Poly Building are dark and locked. It was here that Zhou Lingying and her business partners, through their company, Beijing Hongfeng Investment Company, bought control of C.N.P.C. assets in Sichuan, the province Mr. Zhou ran until 2002.

Late last year, employees abruptly stopped coming to work after government officials showed up one day to examine the company's records, a security guard said. A wilted potted plant remained as evidence of a sudden end to business. The offices are on the same floor as the China Investment Corp., the country's $575 billion sovereign wealth fund.

Much of what can be traced of Ms. Zhou's businesses leads to the New Poly Building. She owns stakes in at least seven companies with addresses there, investing in energy, mining and real estate projects across the country. They include a mining project in China's far western Xinjiang region, property and energy investments in Sichuan and a struggling potash mine there acquired from C.N.P.C.

Zhou Lingying began her career as a shop girl at a general store, working her way up to become manager and later running a supply company before retiring at age 50 in 2001, according to a résumé included in corporate documents and residents in the Zhou family village of Xiqiantou in eastern China.

But Ms. Zhou made a major new foray in December 2007, weeks after her brother-in-law was elevated to the Politburo Standing Committee, setting up her principal holding company, Beijing Honghan Investment Company, with her son, Zhou Feng. Records show that at least four other companies linked to

Some argue that a leader of Mr. Zhou's status would not face an inquiry of this kind unless Mr. Xi regarded him as a direct threat to his power.

Mr. Zhou's relatives sprang up about the same time.

Even as Mr. Zhou prepared to retire, his sister-in-law was still working to forge relationships with C.N.P.C., forming a venture with a subsidiary to sell natural gas and invest in gas filling stations in the family's home city of Wuxi.

At a condominium development in Wuxi sprinkled with ponds and walking paths, Ms. Zhou and her husband Zhou Yuanqing lived in a fourth-floor duplex, where the authorities detained them in early December. Asked if the couple were still living in the apartment, one of the two security guards at the gate jested, ''No, and they probably won't be in ever again.''

SIM CHI YIN FOR THE NEW YORK TIMES

A visitor peeking into the house of Zhou Yongkang's brother in Wuxi, China. Many of Mr. Zhou's relatives were enriched through connections to the state-owned oil conglomerate.

LINKS STRETCH TO CALIFORNIA

On the other side of the Pacific Ocean, Zhan Minli lives in an Orange County, Calif., retirement community of ranch-style homes and broad lawns. Short and silver haired, she opened the door to her house after reading written questions passed under her door about the companies she owned in China.

Ms. Zhan said the holdings in her name were actually controlled by Mr. Zhou's son Zhou Bin, who is married to her daughter, Huang Wan. She said it was customary in China to put assets in the name of one's parents, and suggested that her son-in-law used her name because his own mother had died in a traffic accident.

Ms. Zhan said she and her husband were longtime United States passport holders despite Chinese documents that said they had retained Chinese citizenship. Property records show they have lived in the United States for nearly three decades, moving from Maryland to New Jersey and finally to Southern California, where their house has an estimated value of more than $700,000, according to the online real estate database Zillow.

Ms. Zhan's home in Beijing looks to have been much more expensive. In 2010, a company document listed her residence in a luxury development in northeastern Beijing where units can sell for more than $11 million.

Her official business address was listed several miles away inside a dusty compound at the end of a dirt road. The building appears long abandoned, but for the red light on a surveillance camera peering from above the front entrance and the ferocious barking of a dog.

Several firms in deals with C.N.P.C. are registered at the address under Ms. Zhan's name and that of a business partner, Mi Xiaodong, 43, identified by the Chinese business magazine Caixin as a college friend of and proxy for Mr. Zhou's son. The companies have invested in gas projects on Hainan Island and in Hebei Province outside Beijing as well as in a housing development outside the capital. Ms. Zhan and Mr. Mi also owned a Beijing company, dissolved in February 2009, that held an oil drilling firm in northwestern China's Shaanxi Province, where C.N.P.C. ran an oil field.

Ms. Zhan denied any wrongdoing or having much knowledge of these investments. ''I've never seen the oil field we owned,'' she said. ''I don't know how money laundering works.''

AN ELUSIVE FIGURE

Mr. Zhou's son Zhou Bin, is more elusive, though records show he is also plugged into the family business.

Zhou Bin studied English at an oil industry university in Sichuan, according to recent profiles of him in the Chinese news media. He then moved to the United States, attending the University of Texas at Dallas and living in the state for much of the 1990s, according to school and property records.

Ms. Zhan described her son-in-law as ''taciturn'' and ''plain-spoken,'' a ''good kid'' who was introduced to her daughter by a mutual friend. When they started dating, Ms. Zhan said, she did not even know he was the son of Zhou Yongkang.

He remained a shadowy figure when he returned to China more than a decade ago, with few photos or media reports about him published even abroad despite his father's prominence.

His name appears in the records of only one of the 37 companies examined by The Times, an energy investment firm in Beijing named Zhongxu Yangguang Energy Technology Company. His wife and his wife's parents also feature in the company's filings.

Though Ms. Zhan denied any knowledge of Zhongxu, company records show she owned 80 percent of it when it was set up a decade ago. Its assets climbed more than sixfold in the years after Zhou Yongkang joined the Politburo Standing Committee in 2007, to $27 million in 2012.

In 2009, Zhou Bin assumed control of the firm, taking Ms. Zhan's stake. An audit that year showed the company was selling products to C.N.P.C. oil fields across the country. It also sold sales management systems to 8,000 C.N.P.C. filling stations.

Even Zhou Yongkang's other brother, Zhou Yuanxing, a farmer turned liquor distributor, was placed under 24-hour police surveillance in Xiqiantou, a village of 400 people near the Yangtze River in Jiangsu Province, neighbors said. Among the Zhou family members, he at least is certain to escape prosecution. He died of bone cancer in February.

Michael Forsythe and Chris Buckley reported from Hong Kong, and Jonathan Ansfield from Beijing and Wuxi, China. Reporting was contributed by Amy Qin from Beijing; Sim Chi Yin from Wuxi; and Corrina Liu from Laguna Woods, Calif. Mia Li contributed research from Beijing and Wuxi.

ONLINE: PAPER TRAIL OFFERS CLUES

How public documents were used to form a picture of the family's holdings.

sinosphere.blogs.nytimes.com

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International New York Times

THURSDAY, JUNE 19, 2014

Xi relatives sell off assets as he takes aim at graft

HONG KONG

Chinese records show a private divesting amid leader's public campaign

BY MICHAEL FORSYTHE

As President Xi Jinping of China prepares to tackle what may be the biggest cases of official corruption in more than six decades of Communist Party rule, new evidence suggests that he has been pushing his own family to sell hundreds of millions of dollars in investments, reducing his own political vulnerability.

In January of last year, just after Mr. Xi took power, his older sister and brother-in-law finalized the sale of their 50 percent stake in a Beijing investment company they had set up in partnership with a state-owned bank. According to the billionaire financier Xiao Jianhua, who co-founded the company that bought the stake, the move was part of a continuing effort by the family to exit investments.

They did it ''for the family,'' Mr. Xiao's spokeswoman said in a statement.

A review of Chinese records shows that there is evidence to back up Mr. Xiao's claim. From 2012 until this year, Mr. Xi's sister, Qi Qiaoqiao, and brother-in-law Deng Jiagui sold investments in at least 10 companies, mostly focused on mining and real estate. In all, the companies the couple sold, liquidated or, in one case, transferred to a close business associate are worth hundreds of millions of dollars, part of a fortune documented in a June 2012 report by Bloomberg News.

No investment stakes have been tied directly to Mr. Xi or his wife and daughter. But the extensive business activities of his sister and brother-in-law are part of a widespread pattern among relatives of the Politburo elite, who have built up considerable fortunes by trading on their family's political standing.

After taking power, Mr. Xi vowed to do battle with the ''tigers and flies'' — senior and petty officials engaged in *CHINA, PAGE 4*

AYMAN OGHANNA FOR THE NEW YORK TIMES

On edge in Iraq A checkpoint in Baghdad, where tensions are running high after Sunni militants rampaged across the country's north last week. National security advisers have presented President Obama with a ''sliding scale'' of military options, including possible targeted airstrikes, according to an administration official. *PAGE 5*

Local fighter may be key to mysteries of Benghazi

CAIRO

His capture could reveal who carried out the 2012 attack in Libya and why

BY DAVID D. KIRKPATRICK

Ahmed Abu Khattala was always open about his animosity toward the United States, and even about his conviction that Muslims and Christians were locked in an intractable religious war. ''There is always hostility between the religions,'' he said in an interview. ''That is the nature of religions.''

During the assault on the American diplomatic mission in Benghazi, Libya, on the night of Sept. 11, 2012, Mr. Abu Khattala was a vivid presence. Witnesses saw him directing the swarming attackers who ultimately killed Ambassador J. Christopher Stevens and three other Americans.

Afterward, he offered contradictory denials of his role, sometimes trying to say that he did not participate but strongly approved. He appeared to enjoy his notoriety.

Even after President Obama vowed to hunt down the attackers, Mr. Abu Khattala sat for repeated interviews with Western journalists and even invited a correspondent for tea in the modest home where he lived openly, with his mother, in the Benghazi neighborhood of el-Leithi.

But for all his brazenness, Mr. Abu Khattala also holds many tantalizing

Ahmed Abu Khattala gave interviews to reporters and lived openly in Benghazi.

secrets for the Americans still investigating and debating the attack.

Captured by military commandos and law enforcement agents over the weekend, Mr. Abu Khattala may now help address some of the persistent questions about the identity and motives of the attackers. The thriving industry of conspiracy theories, political scandals, talk show chatter and congressional hearings may now confront the man United States investigators say played the central role in the attack.

Despite extensive speculation about the possible role of Al Qaeda in directing the attack, Mr. Abu Khattala is a local, small-time Islamist militant. He has no known connections to international terrorist groups, say American officials *LIBYA, PAGE 6*

TAUNTS END WITH 'TEXTBOOK' ARREST
The American commandos who captured Ahmed Abu Khattala did so without a shot being fired. *PAGE 6*

3-D is coming to cleanup of Fukushima

New technology will help to assess damage hidden behind steel and concrete

BY MATTHEW L. WALD

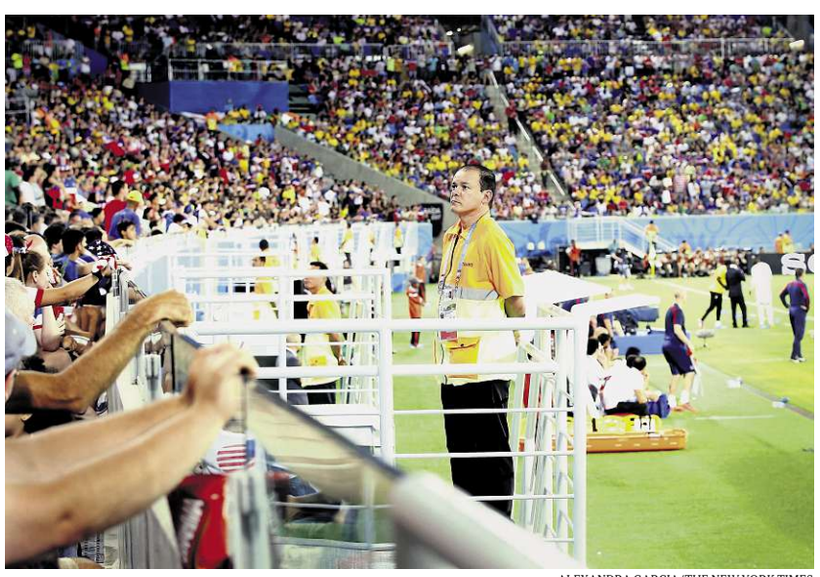
A particle that barely ranks as a footnote in a physics text may be about to lift the cleanup of the stricken Fukushima Daiichi nuclear complex in Japan over a crucial obstacle.

Inside the complex, there are three wrecked reactor cores, twisted masses of hundreds of tons of highly radioactive uranium, plutonium, cesium and strontium. After the meltdown, which followed a tsunami and earthquake in 2011, most of the material in the plant's reactors resolidified, in difficult shapes and in confined spaces, wrapped around and through the structural parts of the reactors and the buildings.

Or at least, that is what the engineers think. Nobody really knows, because nobody has yet examined many of the most important parts of the wreckage. Though three and a half years have passed, it is still too dangerous to climb inside for a look, and sending in a camera would risk more leaks. Engineers do not have enough data to even run a computer model that could tell them what portions of the reactor cores are intact and what portions of them melted, because the measurement systems inside the buildings were out of commission for days after the accident.

And though the buildings may be leaking, they were built of concrete and steel so thick that there is no hope of using X-rays or other conventional imaging technology to scan the wreckage from a safe distance.

To clean up the reactors, special tools must be custom-made, according to Duncan W. McBranch, the chief technology officer at Los Alamos National Laboratory, and the tools ''can be much better designed if you had a good idea of *JAPAN, PAGE 4*



ALEXANDRA GARCIA/THE NEW YORK TIMES

The Cup's security guards ''are not employed, hired or contracted to watch the event.''

A dream job has one catch: No peeking

FORTALEZA, BRAZIL

BY ANDREW KEH AND SERGIO PEÇANHA

At first blush, it probably sounded like the best job in Brazil.

The duties require you to attend World Cup matches and stand within shouting distance of the action that has captivated tens of millions across the globe and sent Brazil into a state of nonstop celebration. Let others check the score on their phones and sneak glances at grainy webcasts; you will be present for sports history.

There is one catch, however: You are not allowed to watch the game. Not even for a minute.

And, actually, hmm, the fine print here says you cannot even look at the field.

Pity the World Cup's security guards, the poor souls who are assigned to maintain order inside the throbbing stadiums by keeping their eyes firmly locked on the stands, not the soccer.

If Brazil wins its sixth World Cup next month, those guards may be the only two dozen people in the country not watching. (Forgive them if they sneak a glimpse, even if their boss will not.)

''If I catch them watching the game, I will have to remind them,'' said Karlo Saltoris, the security coordinator at Arena das Dunas, the stadium in Natal. ''Their job is to keep the stairs and emergency exits clear.''

Clad in neon orange vests, the guards stand sentry by the field, arms clasped *WORLD CUP, PAGE 11*

BRAZIL MEETS ITS MATCH AT GOAL
Guillermo Ochoa made save after stunning save for Mexico in preserving a 0-0 draw against the tournament host. *PAGE 10*

THE STYLE BEHIND THE NATIONAL TEAMS
The German team has more flair than it is given credit for, while Spain has bonded, despite regionalism. *PAGE 10*

SOME GLITCHES, BUT NO DOOMSDAY
Despite concerns about Brazil's preparations, the tournament has mostly been a success so far. *PAGE 11*

COACH KEEPS EXPECTATIONS IN CHECK
Louis van Gaal has been careful not to put too much into the Netherlands' big opening victory against Spain. *PAGE 12*

INSIDE TODAY'S PAPER

Child porn ban passes in Japan
Japan's Parliament outlawed the possession of child pornography, though it left a loophole for the nation's thriving industry of sometimes sexually explicit manga comics. WORLD NEWS, 3

China rejects signs of downturn
Premier Li Keqiang of China said Wednesday that his country's economy would continue to grow in the long term without strong stimulus. BUSINESS, 16

Metal missing at China port
Citic Resources says more than 100,000 tons of alumina are missing at a Chinese port that is the focus of a commodities fraud inquiry. BUSINESS, 16

Thomas L. Friedman
The post-Saddam Hussein generation of Iraqi leaders turned out to be like abused children who went on to be abusive parents. OPINION, 9

VINCENT THIAN/ASSOCIATED PRESS

SEARCH FOR SURVIVORS **Malaysian search-and-rescue teams on Wednesday were looking for survivors from the sinking of an overloaded passenger boat, believed to have been bringing 97 Indonesians back to their home country. Dozens of people were still missing.** WORLD NEWS, 3

ONLINE AT INYT.COM

Myths of serial entrepreneurship
It's different the second time around, with money in your pocket and a win under your belt. You go home for dinner and take vacations. **nytimes.com/business**

U.S. asks Europe to ease food rules
An agriculture official has called on the European Union to ease restrictions on gene-altered food and feed crops as the two sides discuss a trans-Atlantic trade pact. **nytimes.com/business**

Protected zone planned in Pacific
In an effort to protect diverse sea habitats, President Obama said he intends to create the world's largest marine protected area. **nytimes.com/us**

College teams embrace the shift
A trend in the major leagues — loading defenders on one side of the field, depending on the batter — has caught on at Texas Tech and other collegiate baseball teams. **nytimes.com/baseball**

NEWSSTAND PRICES

Bali RP 28,000 (including PPN)	Hong Kong HK$ 24.00	Maldives US$ 3.80	Seoul Won 2,000	Vietnam US$ 4.00
Bangladesh Tk. 135.00	Indonesia RP 28,000 (PPN Incl.)	Manila Peso 100.00	Singapore US$ 4.70 (GST Incl.)	
Bangkok Thai Baht 80.00	Jakarta RP 28,000 (including PPN)	Myanmar US$ 4.50	Sydney A$ 8.25 (GST Incl.)	
Brunei B$ 8.00	Japan Yen 200 (Tax included.)	Nepal NRs 50.00	Taipei NT 115.00	
Cambodia US$ 3.50	Macau P 24.00	Pakistan RS 20.00	Taiwan NT 115.00	
China RMB 29.00	Malaysia RM 7.50/8.00	Philippines Peso 100.00	Thailand Thai Baht 80.00	

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CURRENCIES NEW YORK, WEDNESDAY 11:00AM

				PREVIOUS
▲	Euro	€1=	$1.3580	$1.3550
▼	Pound	£1=	$1.6940	$1.6960
▲	Yen	$1=	¥102.070	¥102.140
▲	S. Franc	$1=	SF0.8970	SF0.8990

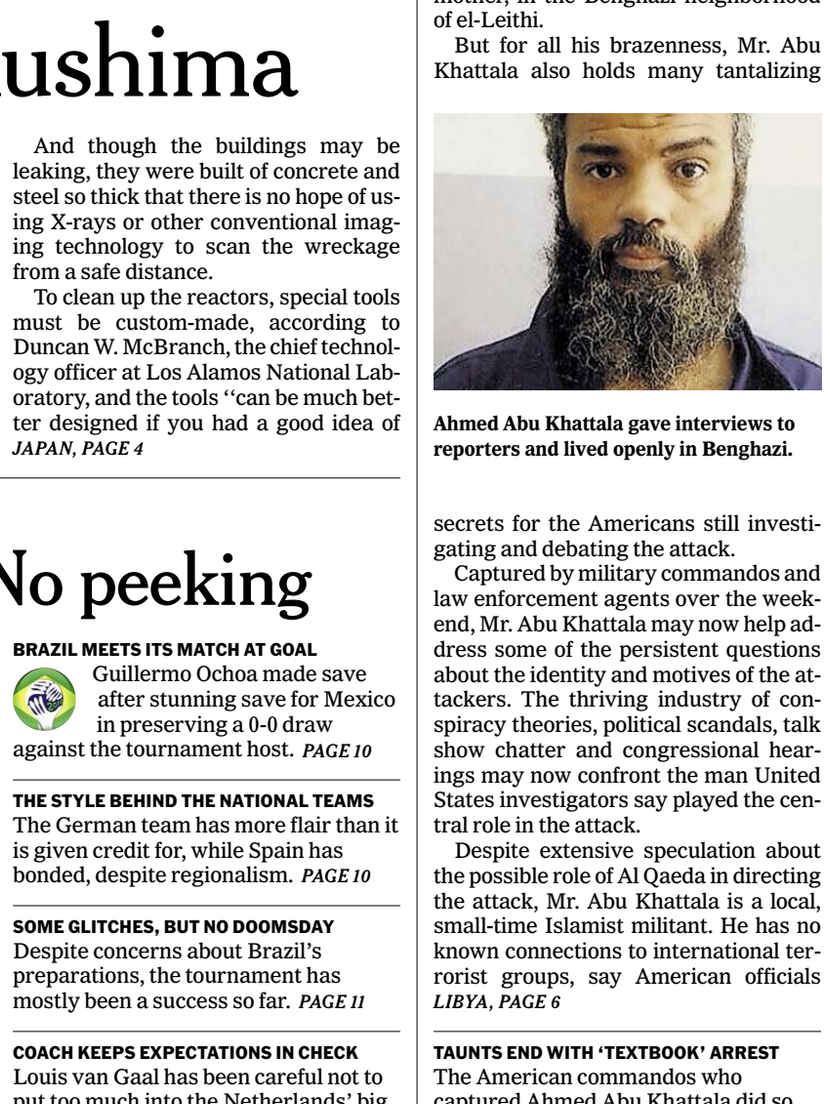
Full currency rates Page 19

STOCK INDEXES WEDNESDAY

▼	The Dow 11:00am	16,786.53	–0.13%
▲	FTSE 100 4pm	6,787.04	+0.30%
▲	Nikkei 225 close	15,115.80	+0.93%

OIL NEW YORK, WEDNESDAY 11:00AM

▼	Light sweet crude	$106.59	–$0.13



3-D technology to peer within Fukushima

JAPAN, FROM PAGE 1

what's inside.'' But ''nobody knows what happened inside,'' he said. ''Nobody wants to go in to find out.''

That is where muons come in.

In the next few days, Toshiba, the contractor in charge of the initial cleanup work, and the laboratory expect to sign a formal agreement to deploy a new technology that experts believe will yield three-dimensional images of the wrecked reactor cores and will be able to differentiate the uranium and plutonium from other materials, even when 10 feet of concrete and steel are in the way.

The United States Energy Department has been working on the technology for years and already licenses it in a less advanced form for a more limited job: A Virginia company is using it in a device that screens shipping containers for smuggled uranium or plutonium that could be used in a nuclear bomb. The lab's new version will be much more ambitious and will focus on mapping rather than just detection.

The technique takes advantage of the fact that everything on earth is constantly being bombarded by muons, subatomic particles that are somewhat like electrons, though about 200 times as heavy. Muons are shaken loose from molecules in the atmosphere by cosmic radiation, and rain down on the earth. They are so penetrating that most go straight through the planet and zip out the other side at near the speed of light without any effect on their trajectory.

But occasionally, one of the muons will happen to hit an atomic nucleus, and when it does, it will change direction in a way that gives a clue about the shape of the target and the target's density. The technique of detecting those scattered particles and inferring what it was that they bounced off is called muon tomography.

''There is a similarity to X-ray, but the details of the physics are different,'' Dr. McBranch said.

Decision Sciences International, a Virginia company, says it can use muon tomography to screen a 40-foot shipping container in 45 seconds and sense whether there is uranium or plutonium in it, though not in great detail. As altered by the Los Alamos scientists for use at Fukushima, the process requires a much longer exposure — it could take weeks. But the result will be a three-dimensional image; concrete, steel and water will all be distinguishable from uranium, plutonium and other very heavy materials.

''You don't need a quick image, you just need a good image, and you have plenty of time,'' said Stanton D. Sloane, the chief executive of Decision Sciences. Testing will begin later this year, officials say, and final images will be produced next year.

''I would expect to be able to distinguish fairly readily between what would be described as random results from the meltdown, versus engineered structural components,'' Mr. Sloane said.

HIROTO SEKIGUCHI/YOMIURI SHIMBUN, VIA ASSOCIATED PRESS

Removing spent fuel at the Fukushima Daiichi plant in February. Three and a half years after the meltdown, nobody has yet examined many of the most important parts of the wreckage.

Japan is increasingly turning to other countries for the technology needed to clean up around Fukushima, including contaminated water at the site.

The Department of Energy, which runs the Los Alamos lab, does not yet have a formal agreement with Decision Sciences to produce the necessary hardware, but the company is likely to do so.

Mr. Sloane would not say how much the equipment would cost, but the project is small by nuclear standards. Toshiba will reimburse Los Alamos for its costs, which officials said would come to less than half a million dollars. Los Alamos has spent about $4 million developing the technology. Decision Sciences spent additional money to commercialize it but has not said how much.

The Los Alamos contribution to the Fukushima project is mostly software. The accompanying apparatus, which has already been tried out on a small, intact reactor, consists of two billboard-size detectors, set up on opposite sides of the building. Each detector is like an array of pipes in a church organ, with each pipe filled with inert gases, including argon, that give an indication when a muon hits. The detectors keep track of which pipes were hit on the way in and on the way out, and at what angle. (It is not possible to ''tag'' a muon, but by timing the detections, the engineers can tell that they spotted the same muon coming and going.)

The detectors do not have to go inside the reactor building. In fact, they would work less well inside, because gamma radiation coming off the melted fuel would make it harder to spot the muons. Instead, the detectors will be set up a few feet away from the reactor buildings' outer walls, and will be shielded with four inches of steel, which will stop the gamma rays but makes no difference to the muons.

At sea level, about 10,000 muons will pass through each square meter of the detectors every minute. Only a few of them will be deflected and yield useful data, so the detectors will need to run for weeks to gather enough for a clear picture.

Muon tomography is not completely new; it was used in the 1960s to peer inside the Great Pyramid at Giza. But the current version produces images of much higher resolution, according to Dr. McBranch.

Japan is increasingly turning to other countries for the technology needed to clean up Fukushima. This month, Tepco, the utility that operated the power plant, announced a deal with Kurion, a waste-handling company based in Irvine, Calif., for a mobile system to scrub radioactive strontium from 340,000 tons of contaminated water at the site.

Lake H. Barrett, an engineer who is not directly involved in the muon project, said the technique was certainly worth trying. Mr. Barrett was the director of the Nuclear Regulatory Commission office on site at the cleanup of the Three Mile Island nuclear plant near Harrisburg, Pa.; he is now an adviser to the president of Tepco.

Referring to the technology's use in detecting smuggled weapons fuel, he said, ''It's nice to see the synergy of nonproliferation technologies, on which we in the U.S. have spent hundreds of millions of dollars, applied to another area.''

''How effective it is, we'll have to wait and see,'' he continued. ''But we're all optimistic.''

BRIEFLY

Middle East

U.S. asks for greater action on Syrian chemical weapons

The United States has suggested that the global organization responsible for overseeing the ban on chemical weapons will have to take more assertive action than a simple condemnation concerning Syria, which will miss a June 30 deadline for the destruction of its chemical munitions and has been accused of using chlorine-gas bombs in its civil war.

Robert P. Mikulak, the American permanent representative to the Organization for the Prohibition of Chemical Weapons, said to its executive council on Tuesday that the Syrian government had failed to honor a ''parade of timelines'' in the destruction plan, despite the help and expense borne by other members of the organization, including the use of ships to export the chemicals for disposal.

''It was certainly the expectation of the United States and other members of the council that the elimination of Syria's entire chemical weapons program would be completed by June 30, 2014,'' Mr. Mikulak said in his statement, posted on the State Department's website. He added: ''Syria has deliberately frustrated the council's efforts to complete destruction by June 30. The council will need to acknowledge that Syria has not met its obligations to remove these dangerous materials so that they can be destroyed.''

CAIRO

Al Jazeera journalist freed after extended hunger strike

A journalist with Al Jazeera's Arabic service, who had been on hunger strike for more than four months to protest his prolonged detention without charges in Egypt, has walked free.

The mother, wife and brothers of the journalist, Abdullah Elshamy, 26, met him on Tuesday as he walked out of a police station in a northern Cairo suburb. Egypt's prosecutor general had ordered his release, citing ''health conditions.''

Mr. Elshamy, once a chubby man, looked gaunt and frail. ''I have won,'' he told reporters. He said he lost 45 kilograms, or about 100 pounds. (AP)

DUBAI

Work ban protects laborers from heat

An annual midday work ban is going into effect across much of the Arabian Peninsula to protect outdoor laborers from the risks of extremely high temperatures during the hottest summer months. Bahrain and Saudi Arabia will start the ban on July 1. It is already underway in Kuwait, Oman, Qatar and the United Arab Emirates. (AP)

Family of Chinese leader quietly selling assets

CHINA, FROM PAGE 1

corrupt or unseemly business activities — to shore up the party's credibility. But there are doubts that he could carry out a wholesale crackdown on financial dealings by ruling families, who are deeply enmeshed in the state-driven business culture of the country.

Records show Ms. Qi, her husband, Mr. Deng, and her daughter Zhang Yannan still hold tens of millions of dollars in company shares and real estate, including a villa overlooking Hong Kong's exclusive Repulse Bay. It is also unclear whether the price paid to them for the investments they did sell resulted in a profit or a loss — meaning it is not clear whether Mr. Xi's order to exit investments amounted to a hardship for his relatives.

Still, the move to divest themselves of a significant portion of their fortune may put Mr. Xi on stronger footing as he oversees his anticorruption drive. That effort includes an undisputed ''tiger,'' the former security chief Zhou Yongkang, who was detained in December, people familiar with the situation have told The New York Times.

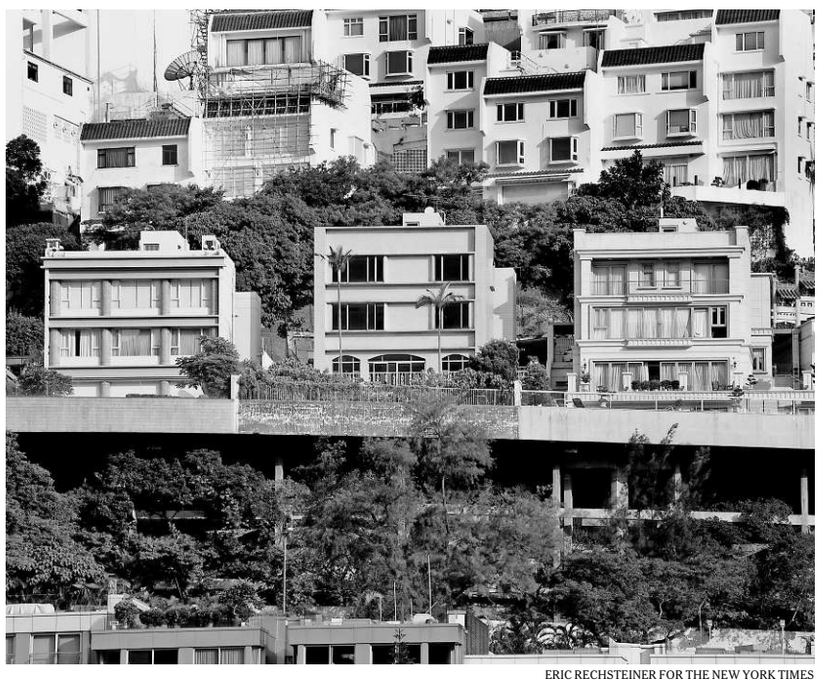
Ding Xueliang, a professor of politics at the Hong Kong University of Science and Technology, said that party and government officials had told him on a recent trip he took to mainland China that Mr. Xi had told his family to get out of their investments.

''It is a minimum thing — he must do this,'' Mr. Ding said. ''If he doesn't do this, it is very hard for him to convince other families to be more self-disciplined.''

The elite ruling families of China have accumulated billions of dollars in assets, including company shares and real estate, in the past decade as China's economy has boomed. Many of the investments are in areas such as mining, infrastructure and property that involve the privatization of formerly state-owned assets, including a rare-earth mining company that until recently was partly owned by Mr. Deng.

At least four families among the nine-man Politburo Standing Committee that ruled the country from 2007 to 2012 each owned or controlled documented assets in excess of $150 million, including relatives of Mr. Xi, former Prime Minister Wen Jiabao, Mr. Zhou and Jia Qinglin, the former fourth-ranked party member.

That accumulation of wealth has led to calls for officials to disclose their assets amid surging income inequality that is among the highest in the world and far greater than in Japan, South Korea and Taiwan — neighbors that, unlike China, do not have Communist roots.



ERIC RECHSTEINER FOR THE NEW YORK TIMES

Zhang Yannan, President Xi Jinping's niece, bought a villa, center, overlooking Hong Kong's Repulse Bay, for $19.3 million in 2009. It appears vacant and is in disrepair.

The subject remains politically charged in China. Even while Mr. Xi's relatives were selling off assets, those calling publicly for more disclosure have been punished, including the lawyer Xu Zhiyong, who was given a four-year jail sentence on charges of gathering crowds to disturb public order. The websites of The Times and Bloomberg, which have both reported on elite shareholdings, have been blocked in China for many months.

Ms. Qi, who uses her mother's family name and also goes by the name Qi Lianxin, and her husband began selling off assets owned by their principal Beijing holding company, the Qinchuan Dadi Investment Company, in late 2012, records filed with the country's State Administration of Industry and Commerce show. Qinchuan was set up in the weeks after Mr. Xi ascended to the Politburo Standing Committee in 2007 with $2.7 million in investments, ballooning to $156 million four years later.

At least eight of the 11 investments that Qinchuan disclosed at the end of 2011 are no longer owned by the company, records show.

Two of the Qinchuan investments were bought by companies run by Shi Weixue, a real estate executive who made headlines recently for his project to build a resort complex on the tropical island of Hainan, including a ''seven-star hotel,'' shaped like apple trees. Mr. Shi's Beijing-based property company, Zhonglianya, was also the majority investor in a Qinchuan-invested property company in central China's Hubei Province that was liquidated last year.

Luo Zhehong, a property and mining executive from Zhejiang Province in eastern China, where Mr. Xi served as the top official from 2002 to 2007, owned a mining company with Qinchuan in Qinghai Province, in western China. Records show that he acquired Qinchuan's 35 percent stake and also bought out its share in a Beijing investment company.

Mr. Shi and Mr. Luo were not available to comment. Ms. Qi and Mr. Deng did not respond to faxed questions asking about their investments.

Mr. Xiao, in his statement, said his company had contacted Qinchuan about its asset disposals after the publication this month of an article in The Times about his own business empire and political ties.

Shareholders of the company ''voluntarily quit their legitimately operated business which they worked very hard to found, costing them their input or bringing them a huge loss,'' Mr. Xiao said through a spokeswoman.

Mr. Deng, through a Shanghai holding company, also owned more than one-sixth of a rare-earth mining company in Jiangxi Province, in eastern China, that last year reported owning assets of about $2.1 billion. Records show that he is no longer a shareholder in the Shanghai company, and even if he were, it no longer owns a stake in the mining company.

In April, that stake was taken over by a state-owned aviation investment company. Rare earths go into critical components in electric cars and wind turbines.

Ms. Qi, her daughter Ms. Zhang and Mr. Deng still own many companies across China, stretching from Hainan in the south to Beijing in the north. Records examined this month show the couple still own their Shenzhen-based investment company, Yuanwei, which holds tens of millions of dollars in assets.

Ms. Zhang also remains the owner of a spacious villa in Hong Kong that records show she bought in early 2009, during the depths of the global financial crisis, for $19.3 million. Since then, prices have appreciated significantly.

A visit to the villa this month suggested that it had been vacant for many years. It is falling into disrepair, with the subtropical Hong Kong foliage slowly reclaiming the driveway and sprouting out from below the black and gold steel gate. A villa on the same street recently listed for 238 million Hong Kong dollars, or more than $30 million.

And the couple did not sell three of their most valuable assets held by Qinchuan, including two infrastructure companies in the city of Xiangyang in Hubei Province. The three assets are together worth at least $234 million.

But on Oct. 8, after no changes in its shareholding structure for almost six years, ownership of Qinchuan itself was transferred out of the family and into the hands of a longtime business associate, Xu Zaisheng, documents filed with the Chinese government show.

Candidate's protest upsets counting of Afghan vote

KABUL, AFGHANISTAN

Presidential contender accuses opponent and Karzai of fraud in runoff

BY AZAM AHMED

Afghanistan's presidential election was cast into crisis on Wednesday as the candidate Abdullah Abdullah announced a broad-based protest against the electoral process, accusing his opponent and President Hamid Karzai of engineering massive fraud in the runoff vote on Saturday.

Rejecting the process laid out under Afghan electoral law, he called on the election commission to halt all vote counting and immediately investigate and identify inflated ballot totals — both steps that are designed to come after partial vote results are announced in the next few weeks. Mr. Abdullah also withdrew his election observers from the vote-counting process and suspended his cooperation with the election commission, which his campaign believes is biased.

''We are asking for the counting process to be stopped immediately because this is not a legitimate process,'' he said. ''The fraud was engineering in such an exceptional way that it left no choice for us but to make this announcement today and wait for the response and correction of this.''

Mr. Abdullah's stand immediately cast into doubt an election that Western and Afghan officials alike have considered critical to the country's stability now that Western troops are leaving. Also hanging in the balance is the continuation of international aid and small-scale military assistance to the Afghan government after 2014, both of which hinge on a new Afghan administration elected legitimately.

There was no immediate response from the other candidate, Ashraf Ghani, or from the president's palace, both of which have denied fraud accusations by Mr. Abdullah's campaign in recent days.

The Afghan election commission signaled that, at least for now, the counting and announcement schedule would proceed as planned. The election center ''continues its tally and data entry process of the votes with presence of the national and international observers,'' said Noor Ahmad Noor, a spokesman for the independent election commission.

In the face of a potential deadlock, and deepening worries that a long standoff could lead to factional violence, it was unclear what Mr. Abdullah would consider an acceptable result.

Campaign officials for Mr. Abdullah said they were not, for now, calling for a revote but were instead seeking some sort of independent mechanism to evaluate the vote. In a news conference on Wednesday, Mr. Abdullah signaled that one answer might be the creation of a joint commission including representatives from both campaigns and overseen by the United Nations.

''Dr. Abdullah has come to a point where he believes he is in the race against four other contenders'': Mr. Ghani, the election commission, the complaints commission and the government, said Wahid Omar, a senior adviser to Mr. Abdullah. ''None of these bodies is actually impartial in the process.''

Mr. Abdullah's campaign has demanded an investigation of the ballot total initially reported by election officials to be at seven million, a figure that election observers and a few Western diplomats considered too high given anecdotal reports of voter turnout.

As estimated results from Saturday's runoff election started to leak in recent days, Mr. Abdullah, who won the most votes in the first round of voting in April, has accused Mr. Ghani of committing ''industrial scale'' fraud to secure victory. In some provinces, his campaign has claimed, the turnout has nearly quadrupled from the first round, all in favor of Mr. Ghani.

Complicit in the fraud, he alleged, is President Karzai. Mr. Abdullah faced Mr. Karzai in the 2009 election, and the Abdullah campaign's accusations of fraud threw that election into crisis. International officials stepped in to force a runoff vote, but Mr. Abdullah withdrew from the process under protest, and Mr. Karzai was declared the winner.

Haris Kakar and Jawad Sukhanyar contributed reporting.

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TWO KEY INGREDIENTS TO A GOOD EDUCATION
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NEW IPHONE
DELAY IN SALES FLUSTERS CHINA
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International New York Times

THURSDAY, SEPTEMBER 11, 2014

MONICA ALMEIDA/THE NEW YORK TIMES

A midweek gathering held by Hillsong, an Australian Pentecostal megachurch, at the Belasco Theater in Los Angeles. Founded 30 years ago, Hillsong has churches around the world.

A megachurch with a beat lures a flock

LOS ANGELES

BY MICHAEL PAULSON

A toned and sunburned 32-year-old Australian with the letters F-A-I-T-H tattooed onto his biceps strode onto the stage of a former burlesque theater here and shouted across a sea of upstretched hands and uplifted smartphones: ‘‘Let’s win this city together!’’

The crowd did not need much urging. Young, diverse and devoted to Jesus, the listeners had come to the Belasco Theater from around the city, and from across the country, eager to help an Australian Pentecostal megachurch that is spreading worldwide establish its first outpost on America’s West Coast.

The church, Hillsong, has become a phenomenon, capitalizing on, and in some cases shaping, trends not only in evangelicalism but also in Christian youth culture. Its success would be rare enough at a time when religion is struggling in a secularizing Europe and North America. But Hillsong is even more remarkable because its target is young Christians in big cities, where faith seems out of fashion but where its services are packing them in.

Powered by a recording label that pervades Christian charts, Hillsong draws a young crowd.

Powered by a thriving, and lucrative, recording label that dominates Christian contemporary music, it has a vast reach — by some estimates, 100,000 people in the pews each weekend, 10 million followers on social media, 16 million albums sold, with its songs popping up in churches from Uzbekistan to Papua New Guinea.

Founded 30 years ago, Hillsong has churches in Amsterdam; Barcelona, Spain; Berlin; Cape Town; Copenhagen; Kiev, Ukraine; London; New York; Paris; and Stockholm, as well as multiple campuses in Australia and, now, an embryonic congregation in Los Angeles.

The Hillsong empire might appear to be a musical powerhouse first and a

CHURCH, PAGE 4

Obama is ready to hit ISIS in Syria

WASHINGTON

U.S. prepared to expand fight against militants by authorizing new airstrikes

BY MARK LANDLER
AND JONATHAN WEISMAN

President Obama is prepared to authorize airstrikes in Syria, a senior administration official has said, taking the military campaign against the Sunni militant group, the Islamic State in Iraq and Syria, into new and unpredictable terrain.

But Mr. Obama is still wrestling with a series of challenges, including how to train and equip a viable ground force to fight ISIS inside Syria, how to intervene without aiding President Bashar al-Assad, and how to enlist potentially reluctant partners like Turkey and Saudi Arabia.

In an address on Wednesday evening, Mr. Obama was to explain to Americans his strategy for ‘‘degrading and ultimately destroying the terrorist group,’’ the White House said in a statement. People briefed on the president’s plans described on Tuesday a long-term campaign far more complex than the targeted strikes the United States has used against Al Qaeda in Yemen, Pakistan and elsewhere.

Mr. Obama has resisted military engagement in Syria for more than three years, out of fear early on that arming the rebels who oppose Mr. Assad would fail to alter the balance in the civil war while more direct military intervention could have spillover effects in the volatile region.

When he threatened Syria with a missile strike last year after Mr. Assad’s forces used chemical weapons, implacable opposition in Congress led him to shelve the plan. Now, however, the threat from ISIS has changed both the American political climate and his calculations.

On Tuesday, the president briefed Republican and Democratic leaders of the House and the Senate about his plans. Mr. Obama told them he believed he had the authority needed to order an expanded operation, though he would ‘‘welcome action by the Congress that would aid the overall effort,’’ the White House statement said.

But Congress is divided on the need for a vote on military action before the midterm elections, and both sides appeared to be searching for a way to enlist congressional support without an explicit authorization of force. One way under discussion would be for lawmakers to approve $500 million in funding to train and arm Syrian rebels who would fight ISIS — legislation that has been languishing on Capitol Hill.

Mr. Obama’s speech to the nation, on the eve of the 13th anniversary of the Sept. 11, 2001, terrorist attacks, is the culmination of weeks of anguished internal deliberations, followed by days of intense lobbying of allies by the president — at a NATO meeting in Wales,

OBAMA, PAGE 5

CHARLES DHARAPAK/ASSOCIATED PRESS

Mr. Obama has resisted military engagement in Syria for more than three years.

ONLINE: UPDATES FROM WASHINGTON
Read the latest coverage and analysis of President Obama’s prime-time address to Americans. **nytimes.com/us**

TEAMING UP TO CONFRONT ISIS
An unlikely collection of longtime rivals are scrambling to see if they can work together to defeat ISIS. *PAGE 5*

REPUBLICANS BUILD FOREIGN CREDENTIALS
Contenders for the Republican Party’s 2016 nomination have a common résumé gap: foreign policy experience. *PAGE 5*

KERRY IN IRAQ FOR COALITION TALKS
The secretary of state’s trip is also intended to show American support for the new government. *PAGE 5*

In the U.S., mostly white police serving in mostly black towns

MAPLE HEIGHTS, OHIO

BY SHAILA DEWAN

The population of this working-class Cleveland suburb has gone from nearly all white to two-thirds black since its mayor declared more than 35 years ago that he did not know ‘‘what a minority is.’’ But its police and fire departments have not kept pace: The Maple Heights police force today has only two black officers out of 35; the fire department is 100 percent white.

Maple Heights is far from unique. Across the country, police departments still struggle to hire and retain minority candidates — in some cases despite great efforts, in others because of a lack of initiative. But now, the problem has taken on new relevance since the fatal shooting of a young black man last month in Ferguson, Mo., where just four of the 53 police officers are black, according to the police chief.

Nationwide, the total number of minority police officers has risen, but they remain heavily concentrated in larger cities, with the numbers falling off sharply in smaller ones, like Ferguson and Maple Heights.

Data from a federal survey of police departments in 2007, analyzed for The New York Times by Andrew A. Beveridge, a sociologist at Queens College in New York, found that nearly 400 departments, most with fewer than a hundred officers,

POLICE, PAGE 4

THE NEW YORK TIMES

The government offices in Xiaogan, China, where Li Haihua committed suicide. About 30 officials have killed themselves this year, sometimes as antigraft investigators closed in.

As China anticorruption drive grows, so does list of suicides

XIAOGAN, CHINA

BY DIDI KIRSTEN TATLOW

Li Haihua’s rise from poor farming boy to one of the most powerful officials in this city of a million people took decades, but his downfall took seconds.

A former deputy mayor, Mr. Li worked his way up through local agriculture departments to become chairman of the local People’s Congress, which oversees local government. A position on Xiaogan’s Communist Party Committee cemented his power.

One day last July, at about 9 a.m., he leapt from his 11th-floor office in the city’s futuristic-looking government headquarters, landing in a small garden, according to the Xiaogan police.

With his fall, Mr. Li, 56, joined a growing list of Chinese officials who have committed suicide recently, a trend that some researchers suspect may be linked to an anticorruption campaign begun last year by President Xi Jinping, the toughest in decades. About 30 officials have killed themselves so far this year, sometimes as antigraft investigators closed in, according to anticorruption researchers and local news reports.

In the most recent case, a former deputy Communist Party secretary in Hohhot, the capital of the Inner Mongolia region of China, slit his wrists in his government office on Monday, the state news media reported.

CHINA, PAGE 3

INSIDE TODAY’S PAPER

ZOHRA BENSEMRA/REUTERS

ESCAPING THE DELUGE **Refugees heading toward a boat to be evacuated on Wednesday in Jhang, Pakistan. Fear was giving way to anger over what some saw as a slow response to flooding that began last week and has left hundreds dead in India and Pakistan.** WORLD NEWS, 3

Philippine Muslims may get region
A draft law would create a self-governed, predominantly Muslim autonomous region in the south of the Philippines, a key step in peace talks with Muslim rebels. WORLD NEWS, 3

Rights group critical of Thai trials
Dozens of civilians are facing trials that offer no appeal, mostly on charges of insulting the monarchy, Amnesty International said. WORLD NEWS, 3

Google’s European listening tour
In Madrid, Google began a series of public meetings on how to carry out the ‘‘right to be forgotten’’ court order in Europe. BUSINESS, 17

The grand strategy Obama needs
President Obama should focus on aiding weak states to shield them from the likes of ISIS and Vladimir Putin’s Russia, writes Vali R. Nasr. OPINION, 6

ONLINE AT INYT.COM

Emblem of an elemental conflict
Israel’s appropriation of nearly 1,000 acres of Palestinian territory has again illustrated the distance between the Israelis and the Palestinians, months after peace talks. **nytimes.com/mideast**

Seeing a familiar pattern in abuse
After Ray Rice’s football contract was terminated by his team on Monday, Janay Palmer Rice became a public example of the complex psychology of women abused by men. **nytimes.com/us**

Hopes for strong El Niño fade
While still expected, it is not thought to bring the heavy rains California needs to end its drought. **nytimes.com/science**

How are American families doing?
A new report by the Federal Reserve says the economic recovery has not resulted in higher incomes for anyone other than those who were already doing well. **nytimes.com/business**

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CURRENCIES NEW YORK, WEDNESDAY 11:00AM

				PREVIOUS
▼	Euro	€1=	$1.2930	$1.2940
▲	Pound	£1=	$1.6160	$1.6110
▼	Yen	$1=	¥106.630	¥106.180
▼	S. Franc	$1=	SF0.9370	SF0.9330

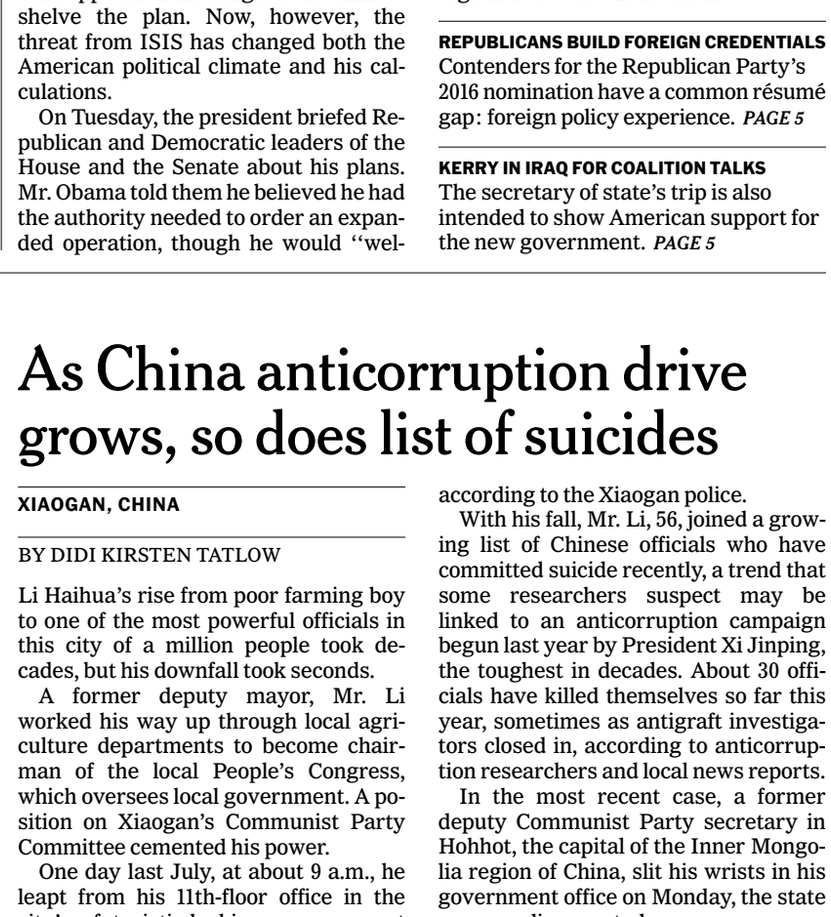
Full currency rates Page 19

STOCK INDEXES WEDNESDAY

▼	The Dow 11:00am	17,002.82	–0.06%
▼	FTSE 100 4pm	6,821.21	–0.11%
▲	Nikkei 225 close	15,788.78	+0.25%

OIL NEW YORK, WEDNESDAY 11:00AM

▼	Light sweet crude	$92.05	–$0.99



World News

THE NEW YORK TIMES

Li Haihua's childhood home in Xingguang, China. Some researchers suspect his suicide may be linked to the anticorruption campaign begun last year by President Xi Jinping.

Higher rate of suicide for China officials

CHINA, FROM PAGE 1

While the data is incomplete — the state does not publish such figures — the number suggests that the suicide rate among the country's mid-to-top-level officials is at least 30 percent higher than the overall suicide rate in urban areas, according to suicide statistics from Hong Kong researchers.

''A lot of officials have varying degrees of corruption problems, and now the risk of being investigated is always there,'' Qi Xingfa, a researcher at Shanghai's East China Normal University who studies suicide among officials, said by email. ''They are reading about a case in the paper in the morning and by afternoon the official is in detention. It's really frightening, and people don't know if they will see the end of the day. After a while, the guilt of corruption may lead an official to kill himself.''

Experts caution against pinning the trend on any one cause, noting that multiple factors may contribute to a single suicide, but most agree that the numbers are striking.

''Officials are members of society too, and there may be all kinds of reasons for them to kill themselves,'' said Ren Jianming, director of the Center for Integrity Research and Education at Beihang University. ''They may fall victim to depression and social pressures. But I think that recently the anticorruption movement has been a major reason. I have never seen anything like it.''

In Mr. Li's case, investigators from the Hubei Province antigraft agency in the provincial capital, Wuhan, had been looking into his finances since February, according to news reports. The investigation was focused on his involvement in real estate and agribusiness deals, some involving a younger brother who worked at a large food company, the reports said.

A former secretary had recently been detained, as had others close to him. Investigators had planned to arrest Mr. Li at a meeting that morning.

He left a suicide note saying he was suffering from ill health, the police said. But Pan Zefu, a journalist for The Paper, a new online publication specializing in corruption, wrote that former officials in Xiaogan said the note also asked the Communist Party to forgive him and protect his family.

Given China's widespread corruption, many officials may have similar concerns. President Xi has said he will pursue his campaign against ''tigers and flies,'' or corrupt officials high and low, ''to the end.''

About 32 senior officials a week were investigated or punished across China in the first half of this year, Wang Xiaoling, the head of the anticorruption agency in the southern city of Guangzhou, said in August, according to a report in Yangcheng Evening News. The total may be in the thousands, and the campaign shows no signs of slowing.

Punishment often means long prison terms and public shame in a culture where officials have traditionally enjoyed exalted status and where loss of face is a potentially unbearable fate.

''The attitude is still leniency to those who confess, severity to those who resist,'' said Liao Ran, a senior program coordinator for East Asia at Transparency International, the Berlin-based nongovernmental organization. Torture is not uncommon, former officials and rights activists say, though most suspects confess before that.

About 30 officials have committed suicide since January, according to reports of the deaths in the Chinese news media. Mr. Liao has counted 37 suicides by officials during the same period.

Even the lower number equates to a rate of about 6.9 suicides per 100,000 officials per year. That is 30 percent higher than the overall suicide rate in urban areas of China, which is 5.3 per 100,000, according to a paper by Paul Yip and others at the Center for Suicide Research and Prevention at the University of Hong Kong.

The rate for officials was calculated based on their belonging to a group of about 700,000 mid-to-upper-level officials, and assuming the rate would remain constant for the rest of the year.

Fear of punishment and disgrace may be only part of the reason for the high rate. Under Chinese criminal law, the death of a suspect ends the legal investigation. Researchers believe that in some cases officials are killing themselves to protect their wives, children and parents, hoping their families will survive and still benefit from their ill-gotten wealth.

''Yes, they are scared of being prosecuted,'' Mr. Yip said. ''At the end they feel they have so much money, 'If I am gone, at least my family, my wife, my children, at least they will be O.K.'

''To a certain extent this arrangement unintentionally makes people use this method to finish, or to end, their own experiences. I only can say it is unfortunate.''

Suicide also forecloses the possibility of the almost inevitable confession, which may implicate political or business associates, who may take revenge on the family, Mr. Liao said.

''This is about mafia,'' Mr. Liao said in a telephone interview from Berlin. ''If you are arrested and confess, then everyone knows that you will reveal the names and deeds of the network around you. Your family may really be in trouble.''

DIDI KIRSTEN TATLOW/THE NEW YORK TIMES

Graffiti referring to the suicide of Li Haihua. It reads, in part, ''The prosecutor's office and city government are in cahoots.''

In fact, suicide may protect the family less than one might think.

''You think that if you die it will solve the problem, but our data suggests it will bring many problems, much sorrow, to the family,'' Mr. Yip said. ''It creates a double tragedy. The first tragedy, it loses a life. Then the survivors have a lot of guilt. Did I not do enough? Was there anything I could do to prevent it? And that's universal.''

In Xiaogan, many suspect Mr. Li may have died in order to protect other officials, though they were careful to say that quietly.

''Whatever happened, it definitely wasn't innocent,'' said Huang Di, 22, an art student who was strolling in the city's large and pleasantly landscaped People's Square on a recent warm August evening.

On a nearby sidewalk, someone had written in large black characters: ''The prosecutor's office and city government are in cahoots. They're not investigating the case of the chairman of the People's Congress, Li Haihua. Made him fall from the city government headquarters. This must be investigated to the end.''

At Mr. Li's childhood home in Xingguang, a hamlet about half an hour from the city where water buffalo lounge in ponds, neighbors remember him as a quiet man who brought progress.

Most villagers refused to speak about Mr. Li, but at Xingguang Elementary School, a Mr. Zhang, who did not give his first name, said he had grown up with him, and that Mr. Li had tilled land, fed chickens and chopped wood from a young age. Mr. Zhang credited him with having improved the school.

''The walls used to be propped up with sticks,'' he said. ''He got it rebuilt in 2008. We asked him to sign his name on it,'' an honor, ''but he refused.''

A 20-year-old neighbor living across the pond from Mr. Li's home, also called Mr. Li, who did not give his first name, said Li Haihua had provided a new fleet of school buses.

A family villa built a few years ago stands in a walled compound, the only one of its kind in the village. A black iron gate is padlocked from the outside. A dog barks when the bell rings. No one opens. Likewise, no one answered the door at his apartment in Xiaogan. Li Haihua's surviving wife and daughter could not be reached.

City residents were divided on his plight.

''I feel sorry for him,'' said Pin Xin, a mother of one. ''These officials definitely have problems. They are corrupt. But the corruption is something they inherit. And there are so many people behind them pushing them to do it, to gain something for themselves.''

Others were less sympathetic.

''Li Haihua deserved to die,'' said Liu Dong, a crew-cut man in his 30s. ''He was corrupt.''

Chen Jiehao contributed research from Beijing and Xiaogan, and Zhang Yu'nan from Beijing.

Self-rule proposed for Muslim region

MANILA

Philippines president presents plan for ending conflict in country's south

BY FLOYD WHALEY

President Benigno S. Aquino III on Wednesday submitted a draft law to the Philippine Congress that would create a self-governed, predominantly Muslim autonomous region in the country's south, a key step in peace talks meant to end more than four decades of fighting with Muslim rebels.

''This law is for the children who wish to run across school grounds instead of running for their lives,'' Mujiv S. Hataman, a politician in the southern Philippines, said in a statement on Wednesday. ''This law is for families who want to put life into the earth through crops and produce, no longer to dig graves for their fathers and sons who have fallen in war. This law is what will help them realize their wishes and dreams.''

The long-running conflict between the government and Muslim fighters in the south has killed thousands of people and displaced more than three million. It has also left Mindanao, the Philippines' largest southern island, mired in poverty and lawlessness despite being rich in resources, including natural gas, gold and valuable minerals.

The draft law that Mr. Aquino submitted to the Philippine Congress on Wednesday stems from an October 2012 peace agreement with the Moro Islamic Liberation Front, the largest of the Muslim rebel groups. It would group Muslim-dominated southern areas into what would be called the Bangsamoro region, based on the traditional name of Filipino Muslims.

To emphasize the importance of the law to his administration, Mr. Aquino personally presented the draft measure to leaders of the Senate and House of Representatives at a ceremony on Wednesday morning.

''Trust brought us here,'' Mr. Aquino said during the ceremony. ''Throughout the negotiations, I saw that each side genuinely wished to reach an agreement. We have proven that, in a situation where one does not consider who has the upper hand, one can truly give rise to a situation where everyone wins.''

The Bangsamoro region would have local self-government, including locally recruited law enforcement officials — a critical demand by the rebels, given the allegations of human rights abuses in the region by the Philippine police and military, many of whom are Christians from the north. About four million people would live in the Bangsamoro region. Of the Philippines' population of 107 million, about 5 percent are Muslim, most of them living in the south; about 80 percent are Catholic.

The region would also retain most of the tax revenue generated from its natural resources. The central government would retain control over currency, foreign policy issues and national defense.

The Philippines in recent years has experienced surging economic growth, and an expanding middle class is enjoying prosperity not seen since the 1950s. But this phenomenon has largely bypassed the southern Philippines, with persistent violence keeping out foreign investors and the jobs they create.

The peace agreement and the formation of the new autonomous region still face significant challenges. The government and rebels underwent difficult, monthslong negotiations to draft the law that will underpin the new arrangement. It now must be passed by the House of Representatives and the Senate.

Mr. Aquino has significant influence in both houses. He has shown that he can get contentious legislation through Congress, including the passage of a reproductive health bill that was ardently opposed by the Roman Catholic Church. But some Philippine legislators have called for changes in the new law, and rebel leaders have said they could reject the final measure if the key provisions benefiting the rebels are watered down.

''What is not clear is how any changes made by Congress will be handled by the two sides,'' said Steven Rood, the country representative of the Asia Foundation in the Philippines. ''The draft as certified by the president represents a mutually acceptable law. There will have to be constant and detailed communication about the acceptability, or lack of acceptability, of proposed congressional changes.''

The issues raised by legislators were taken into consideration during the negotiations and the drafting of the law, Miriam Coronel-Ferrer, the chairwoman of the government's negotiating team, said in an interview.

Some lawmakers have noted that the new region will keep a much larger portion of local taxes than their own districts do, and have said that those funds might be better used for the national benefit rather than going into local coffers.

''The reason for a better wealth-sharing arrangement in the Bangsamoro has to do with the fact that this place has been left behind in terms of economic development,'' Ms. Coronel-Ferrer said. ''These are the poorest regions. They have been historically disadvantaged. It is part of the correction, a kind of reparation.''

Opponents of the agreement have said that it infringes on Philippine sovereignty, essentially creating a separate Muslim state in the south.

A number of organizations have said they will contest the law's constitutionality in the Supreme Court. If the high court strikes down key aspects of the law dealing with autonomy or revenue-sharing, the rebels have said they will reject it.

AARON FAVILA/ASSOCIATED PRESS

President Benigno S. Aquino III, right, with the proposal for a predominantly Muslim autonomous region in the Philippines.

The most violent groups in the southern Philippines are not party to the agreement, including the Abu Sayyaf, which has carried out high-profile kidnappings, beheadings and bombings for more than a decade. The Abu Sayyaf was blamed by the military in July for killing 23 people on the southern Philippine island of Sulu, including more than a dozen women and children. In July, one of the senior leaders of Abu Sayyaf swore allegiance in an online video to the Islamic State in Iraq and Syria.

Other violent groups in the south, some of which are based on ancient clans or criminal activity rather than religious ideology, are not part of the peace process. Government officials have said that they hope improved prosperity under the peace deal will weaken the most violent groups and turn the population against them.

Christian governments in the northern Philippines have been fighting and attempting peace deals with Muslim groups in the south since Spanish colonizers arrived in the 16th century. Known collectively as Moros and historically ruled by sultanates, Muslims in the southern Philippines have traditionally seen themselves as a group distinct from their northern Filipino counterparts.

Anger over India and Pakistan flooding

SRINAGAR, KASHMIR

BY BETWA SHARMA AND NIDA NAJAR

As people here waited for rescue on rooftops and balconies Wednesday, fear was giving way to anger over what some saw as a slow response to the flooding that began last week, which has left hundreds dead in India and Pakistan.

In the Srinigar neighborhood of Wazir Bagh, where the water was roughly five feet high at its highest point, residents on Wednesday watched rescue boats make their way to another area where the waters were higher. Some shouted that only the politically connected were being evacuated. Others complained that the rescue teams were incompetent.

Jaspreet Kaur, 25, said she had been brought from her neighborhood in Srinagar by boat, then transferred to a tractor with about 50 other people that made its way slowly to dry land. She had been trapped on the roof of her house with her grandmother for five days, and they had run out of food. She said roughly 500 more families were stuck in her neighborhood.

''We were on the brink of drinking the muddy water,'' she said.

The flooding has killed hundreds in Pakistan and in the state of Jammu and Kashmir, where Srinigar is located.

In much of the Kashmir Valley, scarred by years of violence between separatists and security forces, hostility toward the state government and the armed forces is widespread. On dry ground in the Srinagar neighborhood of Rambagh, where rescued people were being brought, a group gathered shouting separatist slogans.

''They are pelting our boats with their stones,'' said Kishore Prasad, a spokesman for the Central Reserve Police Force at the security forces' quarters in Rambagh. He said that it would take at least two more days to rescue the thousands stranded.

Mr. Prasad said one of the problems with the rescue operations was the lack of coordination between the different agencies, which include the National Disaster Response Force, the police and the armed forces.

The army has rescued more than 76,500 people from Jammu and Kashmir since the flooding began, and mobile connectivity has begun to be restored, said an employee of Bharat Sanchan Nigam, a state-run telecommunications company.

Omar Abdullah, the chief minister of Jammu and Kashmir, defended the state government's response in an interview with the Indian news channel NDTV that aired on Wednesday.

''I understand the anger, I understand the frustration, but it's not true that nothing is happening,'' Mr. Abdullah said.

Betwa Sharma reported from Srinagar, and Nida Najar reported from New Delhi. Hari Kumar contributed reporting from New Delhi.

Rights group criticizes Thai military trials

BANGKOK

BY THOMAS FULLER

Around 60 civilians are facing trial in military courts in Thailand, Amnesty International, the human rights group, said in a report due to be released on Thursday.

''The right to a fair trial is currently in jeopardy,'' said the report, which provides a snapshot of what it described as a deteriorating human rights situation in Thailand since the military seized power in May.

The people facing military trials, which offer no appeal, are charged with taking part in political gatherings, protesting against the military takeover of the country or insulting the monarchy.

Amnesty calculated that over all, more than 570 people have been summoned to report to the military since the coup and that most have been released. The majority were politicians, but 141 were academics, writers, journalists and activists, the report said.

The report details the case of Kritsuda Khunasen, a political activist who was detained for 29 days — longer than the seven days specified under the military's own rules — and who says she was blindfolded for days at a time, punched and nearly asphyxiated with a plastic bag.

A YouTube video that she posted detailing what she described as torture was blocked by the junta. Ms. Kritsuda is now seeking political asylum overseas.

Gen. Prayuth Chan-ocha, who led the coup, denied that Ms. Kritsuda had suffered ill treatment. ''We have not beaten or tortured anyone,'' he said in a nationally televised speech.

Amnesty said in its report that the junta had ''implemented sweeping restrictions on freedom of expression, blocking and shutting down websites and community radio stations and stopping the dissemination of critical information, including in schools and universities.''

The junta has created a rubber-stamp National Legislative Assembly and says it will stay in power until at least the end of next year. General Prayuth was unanimously selected as prime minister by the assembly last month.

The country remains under martial law, and political gatherings of more than five people are technically banned. The junta has at least twice disrupted or forced the cancellation of media events related to the coup.

Last week Thai Lawyers for Human Rights, a civic group, canceled a briefing at the Foreign Correspondents' Club of Thailand after pressure from the military. The Bangkok office of the United Nations Human Rights Office for Southeast Asia said the cancellation ''adds to other incidents indicating a deteriorating environment for human rights defenders in the country.''

Although political freedoms remain tightly restricted in the country, many business leaders say they are benefiting from the relative domestic peace under military rule.

ROGER COHEN
AMERICAN 'FREEDOM' VS. CHINESE 'HARMONY'
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WAITING IT OUT
FED IS UNLIKELY TO CHANGE PLAN
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International New York Times

TUESDAY, OCTOBER 21, 2014

Tough stance reaffirmed by leader of Hong Kong

HONG KONG

Open elections a danger to business interests, Leung says in interview

BY KEITH BRADSHER AND CHRIS BUCKLEY

The Beijing-appointed leader of Hong Kong, Leung Chun-ying, said Monday evening that allowing his successors to be chosen in open elections based on who won the greatest number of votes was unacceptable in part because it risked giving poorer residents a dominant voice in politics.

Mr. Leung gave the warning in a broad-ranging defense of his government's handling of pro-democracy protests that have wracked the city for more than three weeks. He acknowledged that many protesters were angered by the city's lack of social mobility and affordable housing but argued that containing populist pressures was an important reason for resisting protesters' demands.

Instead, he offered a firm defense of Beijing's position that candidates to succeed him must be screened by a ''broadly representative'' nominating committee, which would insulate Hong Kong's next chief executive from popular pressure to create a welfare state and allow the government to implement more business-friendly policies to address economic inequality.

Mr. Leung's blunt remarks — which seemed to reflect a commonly held view among the Hong Kong elite that the general public cannot be trusted to govern the city well — appeared likely to draw fresh criticism from the democratic opposition and to inflame the street struggle over Hong Kong's political future, which has been has been fueled in part by economic discontent, especially among younger residents.

He spoke on the eve of talks, scheduled to be televised, between his government and student leaders, who have portrayed him as defending a political system

HONG KONG, PAGE 4

MARK BAKER/ASSOCIATED PRESS

Indonesia's new leader Joko Widodo, who was born in a slum, was sworn in on Monday as president of Indonesia, completing an improbable political rise. *PAGE 4*

Finding resilience amid horror in Liberia

MONROVIA, LIBERIA

REPORTER'S NOTEBOOK

BY HELENE COOPER

Liberians have become accustomed to living with demons.

Long before Ebola arrived, the people here endured 14 years of civil war, one that snuffed out 200,000 lives and ignited acts of barbarism that laid waste to the country. The war produced mad generals who led ritual sacrifices of children before going into battle, naked except for shoes and a gun. It produced amphetamine-fueled 10-year-old fighters wielding M-16s while toting teddy bear backpacks, and rapists who wore Halloween masks and wedding gowns.

When it finally ended in 2003, what was left was a nation of survivors, a place where nearly every person of a certain age has a painful story to tell.

I know this all too well, as a native Liberian who emigrated to the United States. My family has its own war stories. One sister was kidnapped and fought to protect her 1-year-old son while marching for days behind rebel lines. Another sister sent her son away to avoid the war and spent two years — two years — hiding deep up country in an area known only as Territory 3C, far from the worst of the conflict, after witnessing gunmen disembowel a co-worker in front of his son.

I have long stopped asking people what happened to them during the war. But as I moved in recent weeks around this city where I was born, reporting about the Ebola epidemic, I was aware of this: There is a strength here that I had never before realized.

My friend Wael Hariz, a Lebanese citizen living here who had been away for a couple of months, said he came back in late September expecting the worst, after watching the coverage of Ebola overseas. Standing just off Tubman Boulevard, Monrovia's main road, at midday, he looked at the cars, taxis and pedestrians going by.

LIBERIA, PAGE 6

IN U.S., EBOLA SPREADS FEAR AND PANIC
In debating how to manage threats to public health, the line between vigilance and hysteria can be blurry. *PAGE 6*

As China fights graft, targets often suffer abuses

BEIJING

Party-led inquiries leave accused with few rights, and guilt is presumed

BY ANDREW JACOBS AND CHRIS BUCKLEY

He was starved, pummeled and interrogated for days on end in an ice-cold room where sleeping, sitting or even leaning against a wall were forbidden. One beating left Wang Guanglong, a midlevel official from Fujian Province, partly deaf, according to his later testimony. Suicide, he told relatives and his lawyers afterward, tempted him.

In the end, he said, he took a deal: He signed a confession acknowledging he had accepted $27,000 in bribes, wrongly believing he would be released on bail and able to clear his name of a crime he says he did not commit.

''He did what they told him to do in order to save his own life,'' his sister, Wang Xiuyun, said in an interview.

China is in the midst of a scorching campaign against government corruption, one that has netted more than 50 high-ranking officials and tens of thousands of workaday bureaucrats as part of President Xi Jinping's effort to restore public confidence in the ruling Communist Party. In the first half of this year, prosecutors opened more than 6,000 investigations of party officials, according to government statistics released in July.

And China's leaders vow that their cleanout has just begun.

But admirers of the antigraft blitz overlook a paradox of the campaign, critics say: Waged in the name of law and accountability, the war on corruption often operates beyond the law in a secretive realm of party-run agencies, like the one that snared Mr. Wang, plagued by their own abuses and hazards.

FENG LI/GETTY IMAGES — AGENCE FRANCE-PRESSE

President Xi Jinping of China has vowed to keep up the effort to root out corruption.

In more than a dozen interviews, legal scholars and lawyers who have represented fallen officials said defending them was especially difficult, even by the standards of a judicial system tightly controlled by the party.

The biggest challenge, they say, begins the moment an accused official disappears into the custody of party investigators for a monthslong period during which interrogators seek to extract confessions, sometimes through torture.

Known as shuanggui, it is a secretive, extralegal process that leaves detainees cut off from lawyers, associates and

CHINA, PAGE 4

GUILLEM VALLE FOR THE NEW YORK TIMES

Old city under siege A photograph of La Colmena, a pastry shop that opened in Barcelona, Spain, in 1872. The city's shops are fighting a shift to global brands. *PAGE 15*

Hackers dial and redial to steal billions

SAN FRANCISCO

Phone systems connected by Internet leave small businesses with big bills

BY NICOLE PERLROTH

Bob Foreman's architecture firm ran up a $166,000 phone bill in a single weekend last March. But neither Mr. Foreman nor anyone else at his seven-person company was in the office at the time.

''I thought: 'This is crazy. It must be a mistake,''' Mr. Foreman said.

It wasn't. Hackers had broken into the phone network of the company, Foreman Seeley Fountain Architecture, and routed $166,000 worth of calls from the firm to premium-rate telephone numbers in Gambia, Somalia and the Maldives. It would have taken 34 years for the firm to run up those charges legitimately, based on its typical phone bill, according to a complaint it filed with the Federal Communications Commission.

The firm, in Norcross, Ga., was the victim of an age-old fraud that has found new life, now that most corporate phone lines run over the Internet.

The swindle, which on the web is easier to pull off and more profitable, affects mostly small businesses and cost victims $4.73 billion globally last year. That is up nearly $1 billion from 2011, according to the Communications Fraud Control Association, an industry group financed by carriers and law-enforcement agencies to tackle communications fraud.

Major carriers have sophisticated fraud systems in place to catch hackers before they run up false six-figure charges, and they can afford to credit customers for millions of fraudulent charges every year. But small businesses often use local carriers, which lack such antifraud systems. And some of those carriers are leaving customers to foot the bill.

The law is not much help, because no regulations require carriers to reimburse customers for fraud the way credit card companies must. Lawmakers have taken the issue up from time to time, but little progress has been made.

HACKERS, PAGE 15

INSIDE TODAY'S PAPER

Nepal tragedy transcends borders
People from at least seven countries — Canada, India, Israel, Japan, Nepal, Poland and Slovakia — lost their lives in the catastrophic storm that hit Nepal's Himalayas. WORLD NEWS, 3

More turmoil in Brazil election
President Dilma Rousseff is in a tough fight after a former oil executive testified that her party had benefited from a bribery scheme. WORLD NEWS, 5

In Tunisia, yearning for the old era
Almost four years after the uprising that set off the Arab Spring, frustration is such that people often say they wish for a return of the old guard. WORLD NEWS, 6

Germans without angst?
Germany has made remarkable progress after being labeled the ''sick man of Europe'' just 10 years ago, but Jochen Bittner is still worried. OPINION, 9

MAX ROSSI/AGENCE FRANCE-PRESSE

PATH TO SAINTHOOD **Cardinals listening to Pope Francis on Monday as he spoke of the beatification of Giovanni Battista Montini, who was elected Pope Paul VI in 1963.** WORLD NEWS, 4

Tokyo shares rebound strongly
The Nikkei 225-share index surged 4 percent on Monday, recovering most of last week's losses. BUSINESS, 14

Steady course for the Fed
The Federal Reserve still plans to wrap up its bond-buying at the end of October, despite market volatility. BUSINESS, 14

ONLINE AT INYT.COM

Trying to escape to a life she chooses
An Afghan woman who was betrothed at age 5 is the subject of a documentary as she tries to avoid the destiny her father had intended for her. **nytimes.com/asia**

Sweden searches for submarine
A Swedish newspaper said the military intercepted a radio transmission from a Russian sub that was perhaps stranded near Stockholm. **nytimes.com/europe**

The downsides of generous perks
Some high-tech companies offer top-shelf extras like gourmet meals and child care, but critics say this just keeps people at work longer and doesn't really motivate them. **nytimes.com/business**

Admirable, at least on the field
Quarterback Jameis Winston appeared unflappable in leading Florida State to a come-from-behind win, but he has not demonstrated the same maturity on campus. **nytimes.com/ncaafootball**

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CURRENCIES NEW YORK, MONDAY 11:00AM

				PREVIOUS
▲	Euro	€1=	$1.2770	$1.2760
▲	Pound	£1=	$1.6140	$1.6090
▼	Yen	$1=	¥106.920	¥106.870
▲	S. Franc	$1=	SF0.9450	SF0.9460

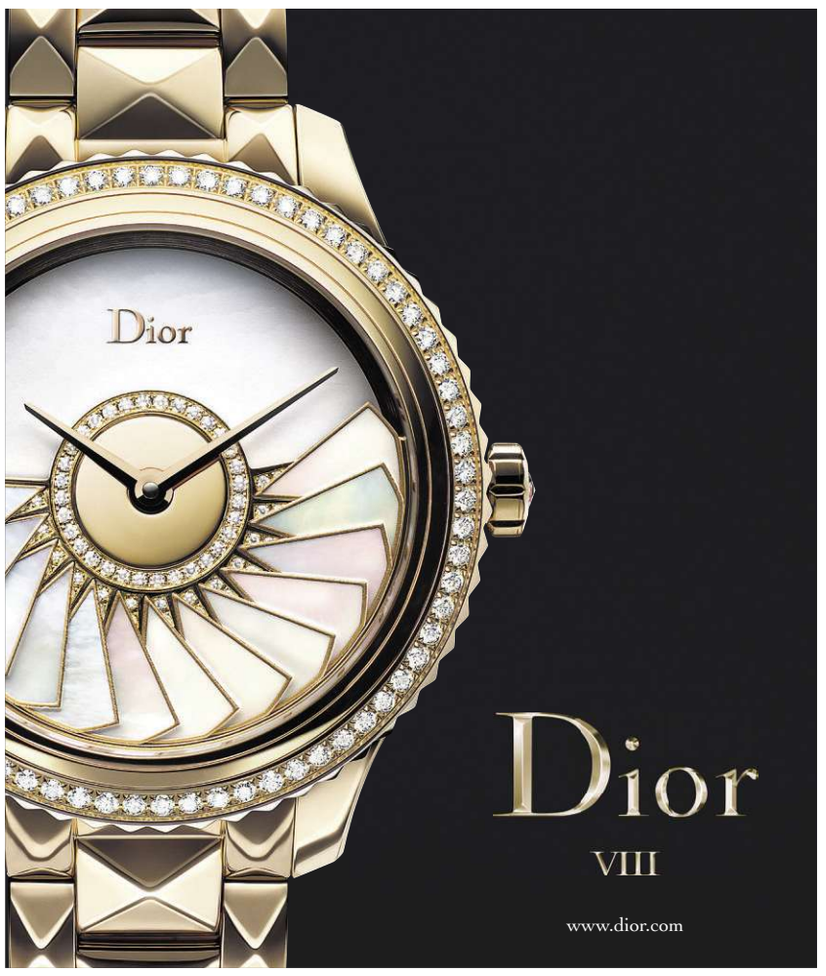
Full currency rates Page 17

STOCK INDEXES MONDAY

▼	The Dow 11:00am	16,344.71	–0.22%
▼	FTSE 100 4pm	6,277.78	–0.52%
▲	Nikkei 225 close	15,111.23	+3.98%

OIL NEW YORK, MONDAY 11:00AM

▼	Light sweet crude	$82.10	–$1.29



Hong Kong leader reaffirms tough stance

HONG KONG, FROM PAGE 1
stacked against ordinary citizens.

Mr. Leung said that if ''you look at the meaning of the words 'broadly representative,' it's not numeric representation.''

''You have to take care of all the sectors in Hong Kong as much as you can,'' he said, ''and if it's entirely a numbers game and numeric representation, then obviously you would be talking to half of the people in Hong Kong who earn less than $1,800 a month.''

''Then you would end up with that kind of politics and policies,'' he continued.

Mr. Leung, whom the Chinese Communist Party's leadership has repeatedly endorsed, argued that remedying social grievances should be left to policies like expanding the supply of housing and spurring economic growth as a cure for stagnating upward mobility. He stressed the importance of maintaining the confidence of Hong Kong's corporate elite, pointing out that the city's mini-constitution, the Basic Law, had been written a quarter-century ago partly with the goal of maintaining business confidence by containing public pressure for the creation of a European-style welfare state.

Mr. Leung, whose real estate dealings have earned him millions, spoke under the crystal chandeliers of Government House, a sprawling colonial mansion

"You have to take care of all the sectors in Hong Kong."

with high ceilings that was the official residence of British governors for more than a century before the return of Hong Kong to Chinese sovereignty in 1997.

He said that it had recently been remodeled so that he and his top aides could work there while protesters besieged his downtown offices. ''We didn't miss a beat'' in moving operations to Government House, and this has made it easier for Hong Kong's leaders to show patience toward the protesters, Mr. Leung said.

Mr. Leung was appointed in 2012 after a 1,200-member election committee of prominent Hong Kong residents endorsed him. Critics say that committee was packed with Beijing's supporters. But Mr. Leung said it was also ''broadly representative,'' as defined by the Basic Law, because its members came from different economic sectors, professions, religious groups and other segments of society.

He also raised again the suspicions of his government and of Beijing that ''foreign forces'' had played a role in the street protests, although he declined repeatedly to identify those forces or provide any examples. ''I didn't overhear it in a teahouse, and it's something that concerns us,'' he said. ''It's something that we need to deal with.''

A tenacious protest movement has spread beyond its initial student base to embrace discontented middle-class and blue-collar residents. But they face an unyielding Chinese Communist Party leadership, which has said the demonstrators have no chance of securing their demands.

Current and former Hong Kong officials and a range of experts said in interviews over the past week that Beijing was opposed to any resignation by Mr. Leung regardless of how unpopular he might become in Hong Kong, because that could be seen as setting a precedent for letting street protests decide the careers of public officials in Hong Kong.

On Monday evening, Mr. Leung backed Beijing's case for much narrower electoral changes that would ensure the Chinese government allows only candidates with its blessing to run. Mr. Leung rejected proposals for nominations by the public and said such proposals violate the Basic Law.

But Mr. Leung has also tried to avoid letting the standoffs between the protesters and the police, which have sometimes flared into scuffles and violence, escalate into a confrontation that, even on a much smaller scale, might echo the Tiananmen Square crackdown in Beijing in 1989. Protesters have accused the Hong Kong police of using excessive force in beating them back with pepper spray and batons.

Mr. Leung said that he hoped a ''dialogue'' by five of his top aides with student leaders, scheduled for Tuesday, would help ease tensions. On the streets, however, the impasse between protesters and the authorities deepened over the weekend. On Friday night, demonstrators retook a street in Mong Kok, a crowded neighborhood on the north side of the city, rebuffing the police who that day had cleared it of most of the demonstrators and their tents and barricades.

Accusations of financial impropriety, first reported by an Australian newspaper, have magnified protesters' calls for Mr. Leung's resignation. An Australian company, UGL, agreed to pay Mr. Leung $6.4 million in 2011, before he was appointed the city's chief executive, as part of its buyout of a company in which Mr. Leung was an executive. The money was paid over two years while Mr. Leung was in office.

Mr. Leung's opponents have been accusing him of official misconduct for accepting the money and failing to disclose it or pay taxes on it, but he and UGL have said that the payment was a legitimate deal, and Mr. Leung said he had no legal obligation to declare the income.

Mr. Leung's concern about becoming beholden to the interests of the poor echoed comments in Hong Kong on Aug. 28 by Wang Zhenmin, the dean of the law school at Tsinghua University in Beijing, who advises the central government on Hong Kong issues and was sent here to explain Beijing's policies.

Giving all adults the vote in open elections could hurt the interests of the business community, Mr. Wang warned.

''Their slice of pie will be shared by others through universal suffrage,'' he said. ''So we have to take full consideration of their concerns.''

Mr. Leung also delivered several thinly veiled warnings that while Beijing has not yet tried to intervene directly in Hong Kong, it was risky to try the patience of the Chinese authorities.

''So far Beijing has left it to the Hong Kong government to deal with the situation, so I think we should try our very best — and this is myself, the government and the people of Hong Kong — should try our very best to stay that way,'' he said.

''Challenging myself,'' he continued, ''challenging the Hong Kong government, at these difficult times will do no one any service, will do Hong Kong's high degree of autonomy no service.''

JASON LEE/REUTERS

A shroud of smog A visit to the National Museum in Beijing called for a mask on Monday as air pollution remained at hazardous levels, according to the air quality index maintained by the United States Embassy. Severe smog has blanketed some regions of northern China since Saturday, reported Xinhua, the official state news agency.

President takes office in Indonesia

JAKARTA, INDONESIA

At his swearing-in, Joko calls on government to improve life of the poor

BY JOE COCHRANE

Joko Widodo, a commoner who was born in a Javan slum, was sworn in on Monday as president of Indonesia, completing an improbable political rise from hometown mayor to leader of the world's fourth-most-populous nation.

Mr. Joko, 53, is the first Indonesian president not to have emerged from the country's political elite or to have been an army general. He succeeded Susilo Bambang Yudhoyono, who stepped down on Monday after serving two five-year terms.

With a Quran, the holy book of Islam, held above his head, Mr. Joko took the oath of office during a nationally televised special session of the People's Consultative Assembly, a legislative superbody dominated by the House of Representatives. Indonesia, an emerging democracy, is the world's largest Muslim-majority nation and has the largest economy in Southeast Asia.

Mr. Joko's vice president, Jusuf Kalla, also took the oath of office during the session.

Among the foreign dignitaries attending the ceremony were Prime Minister Lee Hsien Loong of Singapore, Prime Minister Tony Abbott of Australia and John Kerry, the American secretary of state.

The inauguration provided a respite for Indonesia from a tense political period that has endured since the country's July 9 presidential election. Mr. Joko defeated Prabowo Subianto, a former general and son-in-law of Suharto, the late authoritarian president who was forced from office amid pro-democracy demonstrations in 1998.

Mr. Prabowo, however, leads a coalition of opposition parties that controls a majority of seats and all the leadership positions in the House of Representatives and that has vowed to challenge Mr. Joko's policy agenda at every turn. Some opposition leaders have vowed to be obstructionist and have even called for corruption investigations against the new president from his time as mayor of Surakarta, in Central Java Province, as well as governor of Jakarta.

Following a meeting last Friday between the pair to ease tensions, Mr. Prabowo attended Monday's inauguration.

Mr. Joko acknowledged him and referred to him as ''my good friend'' during his speech.

The new president has promised more ''people-centric'' government programs in a country where, despite its membership in the Group of 20 major economies, more than 100 million people

During his address, Mr. Joko also gave an indication of his foreign policy plans to turn Indonesia into a "maritime power."

live on $2 a day or less and the disparity between the rich and poor is at an all-time high, according to economists.

The unlikely presidential victory by Mr. Joko over Mr. Prabowo was characterized by many as a battle between a commoner and someone from Indonesia's political elite and authoritarian past.

Mr. Joko, a former carpenter and small-business man, mentioned the masses that had rallied around him during the election campaign in his 10-minute inaugural address, during which he called on national government officials and the civil service to work to improve the lot of the country's poor.

''This is a truly historic moment for all of us to come together,'' the new president said. ''Through hard work and cooperation, we will be able to help all Indonesians,'' he added later.

Despite having a minority governing coalition, Mr. Joko has said he expects members of Mr. Prabowo's coalition to eventually switch sides and join his administration, thereby giving him a majority and increasing his ability to pass legislation. The new president has promised more government programs for farmers, fishermen and other traditional laborers, and more spending on health care and social services for the poor.

Mr. Joko also gave an indication of his foreign policy plans to turn Indonesia into a ''maritime power'' during his address, noting that the country is the world's largest archipelago.

After the swearing-in ceremony, Mr. Joko's presidential motorcade traveled through central Jakarta to greet the public, and he was then taken to the Presidential Palace in a traditional horse-drawn carriage. A number of inaugural events were planned for later in the day and evening.

Targets often suffer abuses as China fights graft

CHINA, FROM PAGE 1
relatives. ''It deprives citizens of their fundamental rights,'' said Mao Lixin, a lawyer who represented Mr. Wang.

But even after a case leaves the hands of investigators and enters the criminal justice system, lawyers say, they have limited access to evidence, witnesses and their clients. And trials, they say, are often hasty affairs that ignore defendants' allegations of coercion and torture.

Lawyers say Chinese courts rarely allow them to call defense witnesses, while prosecutors frequently withhold crucial evidence.

Guilty verdicts are rarely in doubt. Of the 8,110 officials who received court verdicts on bribery and graft charges in the first half of this year, 99.8 percent were convicted, according to government figures. That is, only 14 of the defendants were cleared of charges.

Even as they cheer Mr. Xi's anticorruption campaign, defense lawyers and advocates of legal reform are raising red flags about the lack of due process for those accused of official wrongdoing. They say without systemic change — chiefly a depoliticized, independent judiciary — the party's twin goals of rooting out corruption and winning back public trust will ultimately founder.

''There are too many cases of unjust and false verdicts,'' said Shen Zhigeng, a seasoned defense lawyer who has represented scores of government officials. ''What ordinary people hate most isn't corruption, it's the abuse of the law.''

This week, when hundreds of members of the party's influential Central Committee meet in the nation's capital, they will undoubtedly endorse the main item on Mr. Xi's agenda, ''governing the country according to law.''

But most analysts agree that any reform proposals are likely to be incremental, and several lawyers expressed pessimism that party leaders would relinquish the power to engineer the outcome of cases that they believe might threaten their authority or the financial fortunes of kin and cronies.

JINAN INTERMEDIATE PEOPLE'S COURT, VIA REUTERS

Bo Xilai, a former Politburo member, received a life sentence in 2013. Of 8,110 officials who got court verdicts in graft cases in the first half of this year, only 14 were cleared.

''We believe that in reality we're still working inside an old system that hasn't gone through any fundamental change,'' said Li Xiaolin, a lawyer who for a time represented Bo Xilai, the former Politburo member serving a life sentence for corruption and other charges. ''The legal community has this theory that if you don't strive for rule of law, then each of us could become a victim of lack of rule of law.''

Mr. Wang, 51, the former head of the Land and Resources Bureau in the coastal city of Fuqing, was sentenced in November to 10 years in a trial based largely on his confession. His lawyer, Mr. Mao, said the trial was rife with irregularities, and the two men who were said to have bribed Mr. Wang did not testify in the trial last year. (One testified at a second trial after Mr. Wang appealed.)

The court dismissed his allegations of torture. Although his claims could not be independently verified by The New York Times, his family was adamant that the torture had taken place, and Mr. Wang's descriptions parallel those in other cases that have come to light.

Such abuses seldom elicit public outrage. Many Chinese assume that the vast majority of officials are tainted by corruption, and they have mostly welcomed the wave of detentions even as they acknowledge that some of the accused may have been swept up for political reasons.

Lin Zhe, a scholar at the Central Party School, an institution in Beijing that trains rising officials, dismissed suggestions that politics played a role in determining investigation targets.

''The ones who have been taken down have been taken down because they have problems, not because of political issues,'' she said.

Wang Qishan, who oversees the party's anticorruption agency, the Central Commission for Discipline Inspection, and other officials have said that investigations should adhere to ''rule of law,'' and that party investigators should hand over cases to the legal authorities more quickly than they do now.

In a briefing for members of a state advisory committee in August, he said the campaign would take years, given the entrenched habits of corrupt officials.

''It's like quitting smoking and drinking,'' he said. ''Can you stop smoking or drinking just like that?''

So far, Mr. Xi and Wang Qishan have racked up detentions and arrests that have surpassed even the boldest expectations when they took their posts in November 2012. In the first half of this year, the party punished some 84,000 members for infractions of discipline — a 30 percent increase over the same period last year — with penalties ranging from demotions to ejection from the party, according to official statistics.

Mr. Xi has promised to keep up the pressure.

''The party and country's fate has been put in our hands, and we must shoulder this responsibility,'' Mr. Xi said, according to a party newspaper in August.

But his rallying cry has yet to win over many Chinese lawyers, who say that without systemic change, the campaign is bound to fail and rampant corruption will eventually re-emerge.

Borrowing Mr. Xi's often repeated metaphor of tackling ''both tigers and flies'' in his drive to uproot graft, Mr. Li, the lawyer who represented Mr. Bo, said, ''When your cesspool is still there, and the flies are drawn by the odor, then you can never swat them all.''

Andrew Jacobs reported from Beijing, and Chris Buckley from Hong Kong. Kiki Zhao contributed research from Beijing.

Pope sets earlier reformer on the path to sainthood

VATICAN CITY

BY ELISABETTA POVOLEDO

Pope Francis has beatified Pope Paul VI, who died in 1978 after shepherding the church through a period of internal reform amid an era of social and political change and growing challenges to the church's traditional teachings.

The ceremony Sunday closed a two-week assembly of bishops, known as a synod, convened by Francis to discuss how the church can best offer guidance to its flock in light of the complexities faced by many families today.

The synod report approved Saturday evening revealed divisions among the bishops over changing church teachings on marriage and families. The tumultuous closed-door discussions suggested that many bishops were challenged by efforts to change traditional church teaching, such as that regarding offering communion to divorced and civilly remarried Catholics, or the issues of cohabitation and same-sex couples.

In his homily Sunday, the pope quoted Pope Paul VI, who concluded the work of the historic Second Vatican Council that introduced significant reforms and changed how the church communicated with other faiths — as well as nonbelievers, the faithful and the modern world.

''By carefully surveying the signs of the times, we are making every effort to adapt ways and methods to the growing needs of our time and the changing conditions of society,'' the pope said, quoting from a 1965 apostolic letter written by Paul VI.

Change, Pope Francis said, is not to be feared. ''God is not afraid of new things! That is why he is continually surprising us, opening our hearts and guiding us in unexpected ways,'' he said in a message to 70,000 people gathered in St. Peter's Square for the beatification, including about 200 bishops and clerics who participated in the synod and were attending the Mass.

Giovanni Battista Montini, cardinal of Milan, was elected Pope Paul VI in 1963 following another reformist pope, John XXIII, who became a saint this year along with Pope John Paul II.

Paul VI was a pope of many firsts, Cardinal Giovanni Battista Re told reporters last week. He was the first pope to stop wearing a papal tiara ''to show that the authority of the pope is not tied to temporal power,'' and when he sold the tiara to raise funds, ''he gave these to the poor, a sign of his commitment to social justice.''

Aside from the reforms instituted by the Second Vatican Council, he cleaned house, abolishing the pontifical court and simplifying the Curia, the Vatican's administrative arm, which Pope Francis is also trying to overhaul.

Paul VI understood the importance of the arts for the church and inaugurated the Vatican Museum's collection of modern art.

He promoted Christian unity and ecumenical dialogue. He was the first pope to travel to Israel before the Vatican officially recognized the state, and the first pope to visit six continents during his 15-year papacy.

The beatification followed the certification in May of a miracle attributed to Paul's intercession: the healing in 2001 of an unborn child whom doctors expected to be born with a number of birth defects. The boy, now 13, is a healthy American teenager whose identity is being withheld at the request of his parents.

A second miracle would be required for Paul VI to become a saint.