

# THE WALL STREET JOURNAL.

**DOW JONES** A NEWS CORPORATION COMPANY \*\*\*\*\* THURSDAY, JANUARY 21, 2010 - VOL. CCLV NO. 16 \*\*\*\*\* \$2.00  
DJIA 10603.15 ▼ 122.28 -1.1% NASDAQ 2291.25 ▼ 1.3% NIKKEI 10737.52 ▼ 0.3% DJSTOXX50 2590.68 ▼ 1.6% 10-YR TREAS ▲ 13/32, yield 3.657% OIL \$77.62 ▼ \$1.40 GOLD \$1,112.30 ▼ \$27.40 EURO \$1.4104 YEN 91.23



**How Much Is the Value Menu Worth?**  
Burger King wants franchisees to fall in line over pricing. Individual stores aren't biting and have sued. **Small Business, B1**

## What's News—

Business & Finance World-Wide

**O**abama is expected to propose new limits on the size and risk taken by the country's biggest banks, marking the administration's latest assault on Wall Street in what could mark a return, at least in spirit, to some of the curbs put in place during the Great Depression. **A2**

**Morgan Stanley** posted its first annual loss since going public in 1986, but the firm said it would still increase compensation. **C1**  
**Loan troubles** weighed down results at BofA, Wells Fargo and U.S. Bancorp, but executives predicted loan losses are near a peak. **C2**

**Stocks slid** amid worries about China and the outlook for U.S. firms. The Dow industrials fell 122.28 points, or 1.1%, to 10603.15. **C1**

**China said** early Thursday that its economy expanded 8.7% in 2009, surpassing an 8% target. On Wednesday, Beijing took fresh steps to rein in a housing boom. **A1**

**Bad weather** slowed new-home construction in December, but a rise in newly issued building permits suggested a pickup ahead. **A10**

**Microsoft** raced to release a fix for a security hole in its Web browser, seeking to contain fallout from governments urging users to switch to competitors. **B1**

**Apple's Steve Jobs** is betting he can reshape the textbook, newspaper and television businesses with the firm's new tablet device. **B1**

**Amazon** launched an aggressive strategy to pay self-published authors an estimated 70% royalty on sales of some electronic books. **B2**

**EBay's earnings** soared as a strong holiday season buoyed its efforts to turn around the struggling marketplace division. **B3**

**Carl Icahn** is poised to take control of the stalled casino-hotel project Fontainebleau Las Vegas. **B3**

**Fidelity Investments'** president, Rodger Lawson, plans to retire, raising succession questions. **C15**

**Berkshire's General Re** reached a deal with the U.S. allowing it to avoid prosecution for its role in a fraud scheme involving AIG. **C2**

**David Jackson** resigned as chief executive of Dubai World's investment arm, Istithmar World. **C3**

**Google's YouTube** said it will begin testing a new online video service, entering the rental arena. **B1**

### A powerful aftershock rattled a devastated Haiti.

The 5.9-magnitude temblor sent Haitians screaming into the streets and collapsed buildings but caused no reported deaths. Aid such as food and water began to be more widely distributed and a U.S. medical ship arrived and began taking on patients. But the need for essentials such as medicines was overwhelming, claiming more lives. **A12, A13, A17**

*Haiti rejected an offer of 800 troops from the Dominican Republic, a diplomat and U.N. official said.*

**Al Qaeda** is working with local militant groups to destabilize South Asia and trigger a war between India and Pakistan, Gates said. **A18**

**The U.S. intelligence chief** said that the alleged Christmas Day bomber should have been questioned by special team of interrogators. **A4**

**Obama's TSA nominee** withdrew in the face of a GOP senator's opposition to collective-bargaining rights. **A10**

**Obama** said he would be open to Congress passing a scaled-back health bill, a day after the Democrats lost their 60th Senate vote. **A1**

**The Massachusetts** loss set off a wave of Democratic infighting, with liberals urging more legislative action and centrists advising caution. **A6**

**Californians** girded for flooding and landslides as new storms hit the state. Water managers welcomed the deluge after a long drought. **A4**

**The FBI** used methods that circumvented the law to get phone records for terror probes from 2003 to 2006, the Justice Department said.

**Britain** suspended direct flights to Yemen and will introduce a new "no-fly" list of terrorism suspects. **A19**

**NATO** plans to create a top civilian post in Kabul. Britain's envoy to Afghanistan is the leading contender. **A19**

**Virginia police** charged the lone suspect in the shooting of eight people with first-degree murder. **A10**

**Clinton** plans to announce initiatives that aim to make unrestricted Internet access a foreign-policy priority. **A3**

**Eating less salt** could prevent tens of thousands of U.S. heart attacks, strokes and deaths, a study said. **D2**

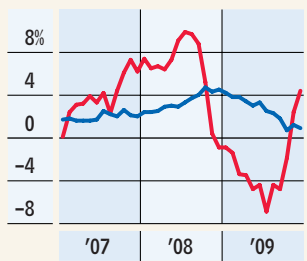
**Netanyahu** said Israel must have a West Bank presence to stop rocket attacks even after a potential peace deal. **A19**

**Died: Richard Heckert**, 85, former CEO of Du Pont. **A4**

**Wholesale prices** look a whole lot higher, but there is a catch. The producer price index increased 4.4% last month from the year earlier period—its biggest annual gain in 14 months. That was almost entirely due to higher energy costs. In mid-December 2008, crude oil prices fell to their lowest levels in nearly five years. Since that time, they have more than doubled to \$77.62 a barrel.

### Vitals

Year-over-year change in  
—producer price index  
—PPI, excl. food and energy



Source: Labor Department

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**CONTENTS**  
Heard on Street... C16  
Home & Family... D2  
Leisure & Arts... D6  
Media & Marketing B10  
Opinion... A21-23  
Small Business... B5  
Sports... D7  
Stocks in the News C6  
Style... D8  
Technology... B8  
Travel... D34  
Weather Watch... B12  
World News... A18,19

# Obama Retreats on Health

### President Tries to Salvage Overhaul's 'Core Elements' Amid Capitol Hill Chaos

By JANET ADAMY AND LAURA MECKLER

**WASHINGTON**—President Barack Obama suggested he's open to Congress passing a scaled-back health-care bill, potentially sacrificing much of his signature policy initiative as chaos engulfed Capitol Hill Wednesday.

Top Democrats said they would press ahead despite growing doubts among rank-and-file members that they can pass a bill they've been laboring over for nearly a year. A host of ideas offered in recent days have lost favor.

One day after losing their filibuster-proof Senate majority in

a Massachusetts special election, exhausted Senate Democrats looked downtrodden as they filed into their weekly lunch in a second-floor room at the Capitol. "People are hysterical right now," said one Senate aide.

Party members clashed over what to do next. Sen. Max Baucus, a top Senate Democrat, appeared to throw cold water on a bill that would focus only on stiffer insurance regulations. Rep. Charles Rangel, chairman of the House Ways and Means Committee, scotched another idea, a complicated parliamentary maneuver to usher a bill quickly to the president's desk.

In an interview with ABC

News, President Obama said he would be open to scaling back the legislation in order to salvage it. "I would advise that we try to move quickly to coalesce around those elements in the package that people agree on," Mr. Obama said. White House Communications Director Dan Pfeiffer said later the president would prefer Congress to pass the comprehensive package, and hasn't given up on that option.

A pared-down bill could still restrict insurance companies from denying care and overcharging customers, but would likely jettison a mandate requiring everyone buy insurance. That provision opened Democrats to

charges that they were unreasonably expanding the scope of government.

Without such a mandate, government would no longer need to raise as much money to subsidize the uninsured and expand Medicaid, and so wouldn't have to significantly raise taxes. A smaller bill could offer a more modest expansion of insurance coverage, help for small business to buy policies, and new cost controls, among other things.

Insurance companies, however, argue that without a mandate... *Please turn to page A8*

■ A new GOP strategy ..... A6  
■ Still room for change ..... A8

## Aid Offers Haiti Hope, but Signs of Medical Crisis Mount



**BRIEF RESPITE:** A boy basks in water from a broken pipe Wednesday in Port-au-Prince, but worries grew that dirty water, poor sanitation and lack of medicine will compound the toll from last week's earthquake. **A12**

## China Seeks To Temper Boom, Stirs Growth Fears

By ANDREW BATSON

**BEIJING**—Fresh steps to rein in China's booming housing market—one of the engines that has put the country on the cusp of becoming the world's second-largest economy—triggered an international selloff in stocks, as investors grew concerned about the Asian giant's continued growth.

The Chinese government reported early Thursday that its economy expanded 8.7% in 2009, surpassing the 8% target Beijing had set early last year, when some economists were warning that growth might reach only 5%. Growth in the fourth quarter of 2009 was up 10.7% from a year earlier, reflecting the recent recovery in global trade and a continued surge in domestic property and infrastructure.

Consumer prices in December rose 1.9% from a year earlier, the National Bureau of Statistics said, accelerating sharply from the 0.6% rise in November.

That strong growth brings China closer to overtaking Japan as the No. 2 global economy, though numbers from Tokyo won't be out until next month.

As Japan did in earlier decades, China has grown by rapid industrialization, shifting its rural population into cities where people get better jobs and buy homes and consumer goods.

But there is increasing concern China could be headed for some of the same pitfalls Japan encountered leading up to the early 1990s, when its real-estate bubble burst, curtailing growth... *Please turn to page A18*



## Drilling Tactic Unleashes a Trove Of Natural Gas—And a Backlash

By BEN CASSELMAN AND RUSSELL GOLD

**SHREVEPORT, La.**—A mounting backlash against a technique used in natural-gas drilling is threatening to slow development of the huge gas fields that some hope will reduce U.S. dependence on foreign oil and polluting coal.

The U.S. energy industry says there is enough untapped domestic natural gas to last a century—but getting to that gas requires injecting millions of gallons of water into the ground to crack open the dense rocks holding the deposits. The process, known as hydraulic fracturing, has turned gas deposits in shale formations into an energy bonanza.

The industry's success has triggered increasing debate over whether the drilling process could pollute freshwater supplies. Federal and state authorities are considering action that could regulate hydraulic fracturing, potentially making drilling less profitable and giving companies less reason to tap into this ample supply of natural gas.

Exxon Mobil Corp. placed itself squarely in the middle of the wrangling when it agreed last month to acquire gas producer XTO Energy Inc., a fracturing pioneer, in a deal now valued at \$29 billion. Wary of the rising outcry, Exxon negotiated the right to back out of its deal if Congress passes a law to make hydraulic fracturing illegal or "commercially impracticable."

On Wednesday, Exxon Chairman and Chief Executive Rex Tillerson faced questions about the environmental impact of hydraulic fracturing at a Capitol Hill hearing on the merger.

"We can now find and produce unconventional natural-gas supplies miles below the surface in a safe, efficient and environmentally responsible manner," Mr. Tillerson told members of the House Energy and Commerce Committee.

Criticism of hydraulic fracturing was muted at the hearing, with most representatives focusing on the potential benefits of increased gas use. But the merger has given drilling opponents a new target.

"It puts Exxon at front and... *Please turn to page A20*

## Packed Streets Have a City of Walkers Looking Skyward for Answers

### Mumbai Builds Miles of Elevated Walkways; 'Yellow Caterpillar' or 'Huge Mistake'?

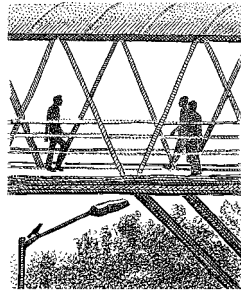
By ERIC BELLMAN

**MUMBAI**—Mumbai's muddled streets are too packed to walk through, so India's commercial capital has come up with a solution. Uplift the masses—not in some fuzzy metaphysical way, but on "skywalks" made of steel.

Most streets here have no footpaths. The sidewalks that do exist are bursting from a gridlock of walkers, street vendors and squatters. The scrum has become even pushier recently as hundreds of thousands migrate to this city of nearly 18 million people for jobs created by its economic expansion. Success has also led to an unprecedented number of cars and motorcycles on the road.

To lift the pedestrians that power this city above the fray, Mumbai is building more than 50 elevated walkways. The skywalks will sprout from train stations across the city and snake over the traffic for up to two miles to create a pedestrian express lane.

Shubhangi Ambardekar, a 47-year-old bank employee, used to splurge on an auto rickshaw every workday to avoid the mess on the roads around Bandra train station in central Mumbai. Rickshaws don't like taking such short trips so she would often have to wait 20 minutes before one would take her. Today she uses the new Bandra Station skywalk, strolling two floors above the cacophony... *Please turn to page A20*



A Mumbai skywalk

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