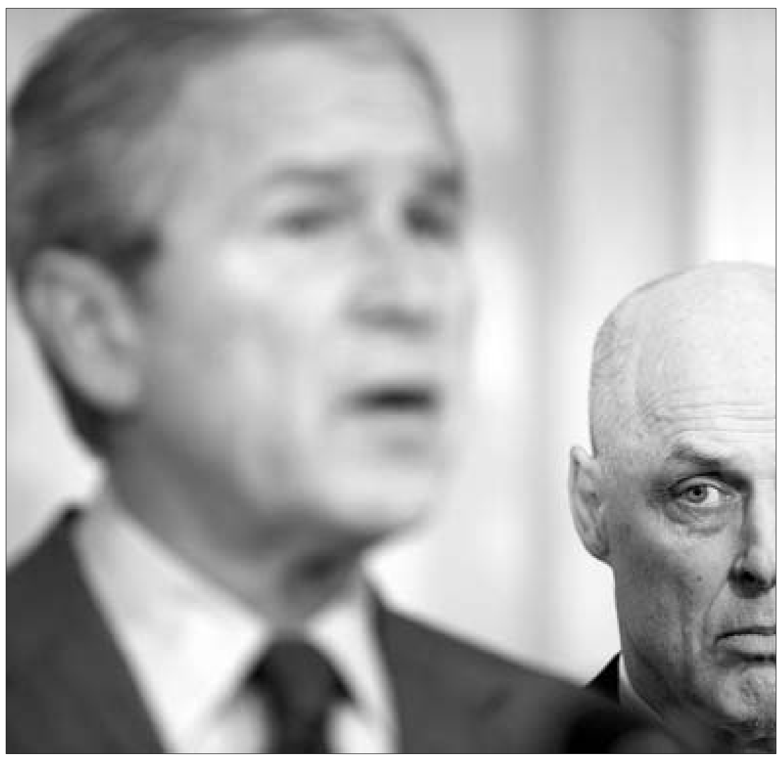

U.S. President George W. Bush, left, makes remarks on the economy downturn as U.S. Treasury Secretary Henry Paulson listens at the White House in Washington, D.C., Friday. AP-Yonhap

# Bush Promotes $150 Bil. Economic Package

WASHINGTON (AP) — President George W. Bush said Saturday that "the kind of spending projects that would have little immediate impact on our economy" should not be part of any stimulus package, setting the stage for a possible clash with Democrats.

Bush and the Democratic-controlled Congress are emphasizing their desire to work together as they rush negotiations on a short-term measure to prevent the economy from falling into recession. But while there is broad agreement that one-time tax rebates for consumers will be part of the package, there are different priorities at work for the rest of the measure.

Bush wants to devote a portion to incentives for businesses to invest. Democrats want to add spending for food aid, unemployment benefits and infrastructure projects.

"This growth package must be built on broad-based tax relief that will directly affect economic growth — not the kind of spending projects that would have little immediate impact on our economy," the president said in his weekly radio address. "This growth package must be temporary and take effect right away."

Rep. Barney Frank, speaking for the Democrats in their own radio address, said any stimulus package needs to help Americans hardest hit by the weakened economy. He said Democrats want to work with the president and congressional Republicans on a plan that includes tax rebates for most Americans, as well as one-time increases in some programs.

"Economists agree that middle- and working-class people are likely to spend that money in a way that will effectively stimulate the economy and create jobs," Frank said.

"We must cooperate to enact immediately aggressive measures that respond to the economic downturn, while we simultaneously continue a healthy debate about the role of government in a modern economy," Frank said.

On Friday, Bush said any plan, to be effective, would need to represent roughly 1 percent of the gross domestic product, or about $140 billion to $150 billion (95 billion euros to 102 billion euros).

Treasury Secretary Henry Paulson said the biggest chunk of the economic package the administration is considering would be targeted to individual taxpayers, though he would not talk about how big these checks might be. A Republican official, speaking on condition of anonymity because the package is not finalized, said the president was hoping to target about $100 billion toward individuals and about $50 billion toward businesses.

## *Leading Indicators Slip in December*

NEW YORK (AP) — A gauge of future economic activity skidded 0.2 percent in December, registering its third consecutive monthly decline and signaling that the U.S. economy likely will weaken further in coming months.

The Conference Board said Friday that its index of leading indicators fell to 136.5 last month — its lowest reading in more than 2 years — after declining 0.4 percent to a revised 136.8 in November and 0.7 percent to 137.3 in October.

The December drop was slightly more than the 0.1 percent decline expected by analysts surveyed by Thomson Financial/IFR. The index is watched as an indicator of where the U.S. economy is headed in the next three to six months.

# GM's CEO Seeking Faster Consolidation of Dealerships

DETROIT (AP) — General Motors' CEO said its sales network is not shrinking fast enough and the automaker wants to step up dealer consolidations.

Rick Wagoner said efforts will be specific to combining Pontiac, Buick and GMC dealerships into one channel, The Detroit News reported Saturday.

"It's time to do that and the payoff is significant," Wagoner said during a recent presentation to Wall Street analysts.

General Motors Corp. reduced its dealer network by about 7 percent between 2005 and 2007, to 14,118, The News reported. In some cases Hummer and Saab have merged.

While the Toyota brand and GM's Chevrolet brand sold almost the same number of vehicles in 2007, there are just 1,244 Toyota dealerships, compared to more than 4,000 for Chevrolet.

Ford Motor Co. and Chrysler LLC have also been working to shrink their dealer networks.

"The profit per store is much lower at the domestics, and this contributes to the strength and health of Toyota and other networks," Tom Libby, an analyst with J.D. Power and Associates, told The News. "It's obviously out of sync to have 4,000 dealers versus 1,200 and have the same amount of volume, and they need to fix it."

Dale Willey, chairman of the National Automobile Dealers Association, said a large number of franchises drives competition, with consumers benefiting.

"Dealers make the decision to get into the business, and the manufacturers accepted the dealers getting into the business," said Willey, who is a GM dealer. "It ought to be the dealers' decision to get out of the business."

The glut of GM dealers is most common in larger markets, especially in the Northeast, said Mark LaNeve, GM North America vice president of vehicle sales, service and marketing.


**Farewell to Germany, Hi to Romania:** A view of the entrance to the new Nokia factory in the Transylvanian village of Jucu, central Romania, Saturday. Nokia, the world's biggest cell phone maker, on Tuesday announced the closure of the Bochum plant in the industrial Ruhr region with the likely loss of 2,300 jobs. A Nokia official said labor costs in Bochum were nearly 10 times those at another plant in Romania. Production is expected to begin in the first half of 2008. AP-Yonhap

# UK to Unveil Plan on Northern Rock

SHANGHAI, China (AP) — British Prime Minister Gordon Brown said Saturday that his government is in discussions with potential buyers for Northern Rock PLC after receiving a long-awaited proposal by Goldman Sachs on a funding package for the stricken mortgage lender.

Brown declined to comment on the details of the Goldman report but said British Treasury Chief Alistair Darling would make a statement to Parliament on Monday, signaling a potential major breakthrough in the bid to find a rescue deal for Britain's biggest casualty of the global credit crisis.

The British Broadcasting Corp. reported that Goldman recommended that the government provide tens of billions of pounds of support to Northern Rock for up to five years, making nationalization of the bank look less likely.

Opposition lawmakers and other critics have claimed that nationalizing the lender would be hugely embarrassing for Britain's reputation as a financial center, while shareholders would be left with little or nothing of their original investments.

"I can confirm discussions are taking place with private firms who have expressed an interest" in Northern Rock, Brown told reporters during an official trip to China.

Brown said that the Goldman report "gives us a number of options," and reiterated the government's position that all options, including nationalization, remained on the table.

Brown's government has made clear that a state takeover is an option if private buyers fail to raise enough funds to repay more than 25 billion pounds ($49 billion; 33 billion euros) that Northern Rock has borrowed in emergency loans from the Bank of England.

Goldman proposes converting those loans to Northern Rock into bonds that would be sold in small parcels once financial market conditions improve, the BBC said.

From Page 1

# Privatization

When it comes to privatization methods, several key considerations need to be made. First, the government needs to decide whether it wants the company to have concentrated or dispersed ownership. The former is perhaps most appropriate if the new owners can bring badly needed technology or if the capacity of the company to reinvent itself is limited. The latter is preferable if the company has enough resources from within to undertake a major self-transformation. Second, the government must decide whether to privatize the company all at once or in steps. Third, the government must consider whether it needs to deregulate and liberalize the sector at the same time that it is privatized. Deregulation entails removing rules and constraints on investment, pricing and other business decisions. Liberalization means opening up the sector to new entrants.

Finally, the government must ponder whether the previously mentioned decisions are likely to help the privatized company be internationally competitive, enabling it to enter foreign markets. European infrastructure companies have demonstrated that, under the right conditions, it is possible and profitable to become multinational corporations. It is important for the debate over privatization in South Korea to shift from discussing whether it should be undertaken or not in specific sectors to determining, after careful research and study, the best way of privatizing, deregulating and liberalizing.

The writer is director of the Lauder Institute at the Wharton School, University of Pennsylvania.

# US Calls on OPEC to Boost Production

RIYADH, Saudi Arabia (AP) — U.S. Energy Secretary Samuel Bodman told Saudi Arabia's oil minister Saturday that OPEC should increase oil output.

Bodman told reporters before his meeting with Saudi Oil Minister Ali Naimi that oil production should be increased in order to meet growing demands.

His visit to Saudi Arabia — which has the world's largest supply of oil — come just before a Feb. 1 meeting of the Organization of Petroleum Exporting Countries meeting in Austria in which the oil cartel could consider increasing oil production if it deems it necessary.

It also comes less than a week after U.S. President George W. Bush raised the same concerns in Saudi Arabia. Bush said oil prices were very high and "tough on our economy."

The White House said Wednesday that Saudi Arabia's King Abdullah told Bush that he was worried about the effect of high oil prices on the world economy — but there was no commitment from the king about increasing oil output.

On Tuesday, Naimi said that Saudi Arabia would raise production levels only when the market justifies it, and that the current inventory seemed normal.

OPEC oil accounts for about 40 percent of the world's needs, and its ministers often follow the lead of the Saudis when discussing whether to increase production to take the pressure off rising prices.