

News in Depth: Sexual-harassment cases plague U.N.

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## What's News

GM and the UAW reached an agreement to reduce retiree health-care obligations and hourly labor costs, clearing a major hurdle in the car maker's expected plan to rush through bankruptcy court in as little as 30 days. **Page 4**

■ Schaeffler has begun discussing a sale to Germany's Continental, just 10 months after launching a hostile bid for the tiremaker. **Page 4**

■ U.S. and British stocks fell on the prospect of a downgrade in the U.K.'s credit rating and data that sent mixed messages about the health of the U.S. economy. **Page 18**

■ U.S. aid programs to prop up the financial system are getting entrenched, even as some banks look to repay TARP funds. **Page 17**

■ The U.S. is prepared to pump more than \$7 billion into GMAC, the first payment on an aid package that could hit \$14 billion. **Page 17**

■ Chrysler said Morgan Stanley's C. Robert Kidder will succeed Robert Nardelli as chairman after it completes its reorganization. **Page 4**

■ A Chinese oil company's hassles in Iraq offer lessons to foreign energy majors looking to invest there. **Page 5**

## S&P threatens U.K. credit rating

*Agency says mounting debt imperils triple-A status; stocks, bonds, currency take pounding*

BY STEPHEN FIDLER  
AND NEIL SHAH

LONDON—The U.K. government got a harsh wake-up call as credit-rating firm Standard & Poor's warned the country could lose its coveted triple-A credit rating, underscoring the monumental challenges the U.K. and other major developed nations face as they take on heavy debts to help

dig their banks and economies out of crisis.

The warning from S&P—its first since the rating firm gave the U.K. its top triple-A rating in 1978—is another blow for Prime Minister Gordon Brown ahead of elections to take place by June 2010, and will put the country's debt problems front and center for whichever party wins.

Analysts said it could

also forebode similar warnings for other nations—including even the U.S.—that are seeing their debt loads grow to levels not seen since the aftermath of World War II.

U.K. stocks plunged and the pound slid against the dollar after S&P announced early Thursday that it had changed its outlook for the U.K.'s credit rating to negative—meaning that a down-

grade, while not imminent, could come in the next couple of years. S&P said that it will revisit the U.K.'s rating after the elections.

"This is a gun to the head of the next administration to get the public finances back in order," said Russell Silberman, head of global interest rates at Investec Asset Management in London.

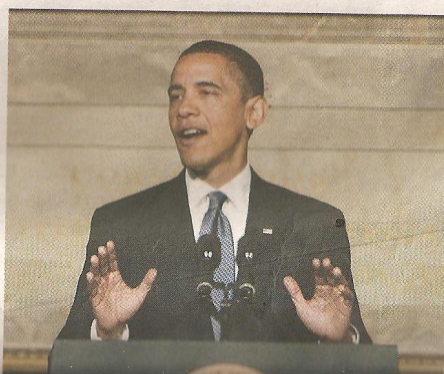
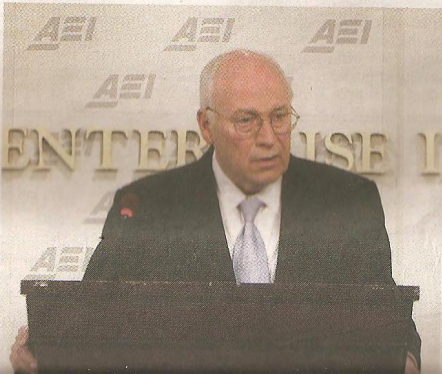
A downgrade would exacerbate the U.K.'s financial dif-

ficulties, including a gaping budget deficit, by making it more expensive for the government to borrow money, and would be a big come-down for a country that hasn't defaulted on its debt since 1693 and whose currency was at one time the preferred global medium of trade.

S&P said the U.K.'s public debt is likely to nearly double.

*Please turn to back page*

## Cheney, Obama contest Guantanamo and security



## Glaxo in fight with U.S. over taxes

BY JESSE DRUCKER

GlaxoSmithKline PLC is embroiled in a potential \$1.9 billion court battle with the Internal Revenue Service, which says the pharmaceutical giant owes back taxes, in-



# In tough times, designers get crafty

BY HELEN KIRWAN-TAYLOR

Special to *The Wall Street Journal*

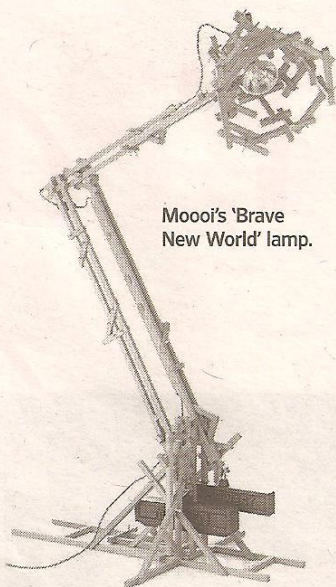
**T**HE WEIRD AND OFTEN wonderful objects on show at the Salone Internazionale del Mobile, Milan's annual furniture fair, provoke a lot of discussion and head-scratching but they don't always show up in shop windows. It's only in the weeks following the fair (this year's event ran from April 22-27), as the design companies process orders, that it's possible to gauge the real trends for summer/fall.

"Milan is really an exercise in branding and PR rather than selling," says Carlo Urbinati, co-founder of the Italian lighting company Foscarini, whose new products at the fair included "Tress," a lamp made of interwoven resin threads by Marc Sadler (£874 for a large floor-standing light), due in stores this September.

But even at the fair itself the effect of the economic downturn was clear, as manufacturers sought to tone down their collections—which in past years have included such flights of fancy as 175-centimeter crystal globe chandeliers and giant mosaic airplanes. This year, "utility" is the new watchword. "If something looks cultivated and intellectual it will sell, no problem," says Paolo Moroni, co-founder of the Milan based Sawaya & Moroni. "If it's gimmicky, not at all. Clients are looking for things they can live with for a long time."

British designer Tom Dixon, who showed his aptly named Utility collection in Milan, is at the forefront of a new design emphasis on no-nonsense, eco-friendly products. "I call it back to basics," he says. "I think the delusions of grandeur [of other designers] have passed." His pieces include the Off Cut stool (£145), made from bits of discarded factory timber; and the Slab bar stool (£350), made of oak and cast iron ([www.tomdixon.net](http://www.tomdixon.net)).

Scrap wood was everywhere in Milan. The Italian lighting company Intrecciodilinee showed its square light "La Singola" (£237) within an actual crate. The L'Altro light (£287) came surrounded in simple timber.

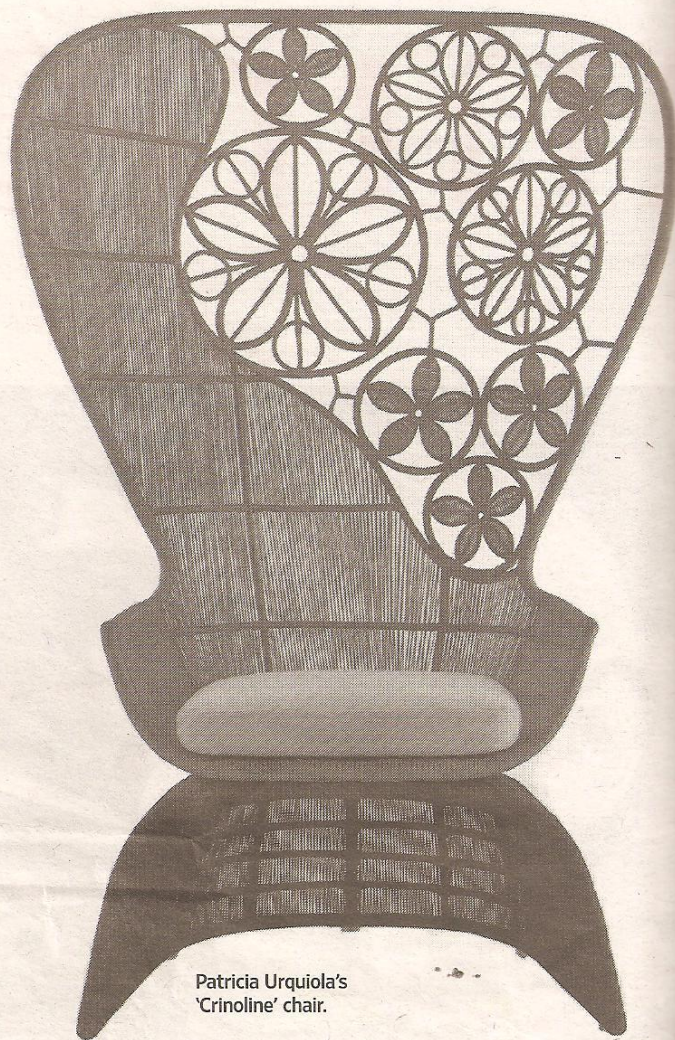


Moooki's 'Brave New World' lamp.



'Quilt' chair by Ronan and Erwan Bouroullec for Established and Sons.

Moooki's "Brave New World" lamp (from €2,108) features oak battens and pegs and cast iron counterweights, with all the wires showing; it's almost like a wooden erector set. Established and Sons' collection was displayed within a curved wall of crude, hammered-together wood designed by Alasdair Willis and Sebastian Wrong. It included the (Michelin-man inspired) "Quilt" chair by Ronan and Erwan Bouroullec (£1,800-£6,500), and the sober



Patricia Urquiola's 'Crinoline' chair.

Table, Bench, Chair by Sam Hecht/Industrial Facility (£850-£1,650). British manufacturer SCP called its new affordable collection "Boxed." The 16-piece collection includes a simple ash stool (£118) by young designer Alex Hellum and cherry wood-shelving units by Peter Marigold (£215 for three), which will be put into production this summer.

The use of craft techniques in design looks like a trend with staying

power. "From being an unfashionable fringe activity just a couple of years ago, craft has now been embraced by cutting-edge designers and manufacturers as a viable alternative to industrially produced goods," says Marcus Fairs, editor-in-chief of online design magazine Dezeen.com. "Even though craft is in many ways a branch of the luxury industry—as the pieces tend to be expensive—the perceived humility and sustainability of crafted objects

## Lessons from the spring auctions

BY KELLY CROW

**T**HE ART MARKET may have just laid down its new floor. The major spring art auctions that concluded last weekend in New York were the smallest round in terms of total sales in five years, but collectors have begun venturing back into the market in search

sons learned this time around:

### Bigger isn't always better

During the recent art boom, auction houses wowed new collectors by attaching eye-popping prices to room-sized works by artists like Jeff Koons and Takashi Murakami. But collectors' wallets and will

power. "From being an unfashionable fringe activity just a couple of years ago, craft has now been embraced by cutting-edge designers and manufacturers as a viable alternative to industrially produced goods," says Marcus Fairs, editor-in-chief of online design magazine Dezeen.com. "Even though craft is in many ways a branch of the luxury industry—as the pieces tend to be expensive—the perceived humility and sustainability of crafted objects

### Due diligence required

Collectors did their homework for these sales, dissecting artists' individual markets beforehand to see whether their offerings are

