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PAUL KRUGMAN ON THE POINTS OF NO RETURN





**RUSHDIE PAYS HOMAGE TO** MÁRQUEZ

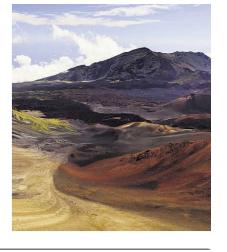


ZEN BIKING FROM HEIGHTS OF A VOLCANO IN MAUI

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WHISKEY THAT **ENGLAND CAN CALL ITS OWN** 

PAGE 12 | BUSINESS ASIA



# International New York Eimes

## Xi's vision for military is step back for land force

BEIJING

Army expected to resist overhaul that stresses naval and air power

BY JANE PERLEZ AND CHRIS BUCKLEY

Driven by ambitions to make China a great power, President Xi Jinping is staking his political authority on a huge task: overhauling the Chinese military, which is still organized as it was when a million peasant soldiers mustered under Mao Zedong.

Mr. Xi wants a military that can project power across the Pacific and face regional rivals like Japan in defense of Chinese interests. To get it, he means to strengthen the country's naval and air forces, which have been subordinate to the People's Liberation Army, and get the military branches to work in close coordination, the way advanced Western militaries do.

China's military budget has grown to be the second largest in the world, after that of the United States, and the coun-

Mr. Xi wants a military that can project power and face regional rivals like Japan in defense of Chinese interests.

try has acquired sophisticated weapons systems. But Mr. Xi has told his commanders that that is not enough.

"There cannot be modernization of national defense and the military with out modernization of the military's forms of organization," Mr. Xi told a committee of party leaders studying military reform at its first meeting in March, according to Xinhua, the staterun news agency. "There has to be thoroughgoing reform of leadership and command systems, force structure and policy institutions," he was quoted as

It will not be easy. Reorganizing the P.L.A. will pit Mr. Xi's ambitions against the entrenched power of the land forces, with about 1.4 million troops, and he will have to manage the overhaul while ensuring that the military remains a reliable guardian of the Communist Party's hold on political power, experts said.

"Military reform is part of the larger program that Xi Jinping is putting in place to put his imprimatur on the Chinese party-state," said David M. CHINA, PAGE 3

# With Modi, India sets dramatic new course

NEW DELHI

Congress is ousted in a sweeping victory for nationalist party

BY ELLEN BARRY

The Indian opposition leader Narendra Modi swept into power as prime minister-elect on Friday, as voters delivered a crushing verdict on the corruption scandals and flagging economic growth that have plagued their country in recent

In a victory speech in Vadodara, the city in Gujarat State where he won his own parliamentary seat in a landslide, Mr. Modi addressed a wild, chanting crowd, shortly after the Indian National Congress, which has headed India's government for nearly all the country's postindependence history, conceded defeat.

"The kind of affection you showed for me, every voter became Narendra Modi," Mr. Modi said.

"Brothers and sisters, you have faith in me, and I have faith in you. We have the capacity to fulfill the common man's aspirations." The crowd chanted his name, forcing him to stop periodically during the speech.

The contours of Congress's defeat became clear even before election officials finished counting the 550 million votes cast in the five-week general elections.

After two hours of counting, Mr. Modi's Hindu nationalist party, the Bharatiya Janata Party, was assured of winning more than 272 seats, enough to form a government without brokering a coalition deal with any of India's fractious regional leaders.

If that happens, Mr. Modi will take power with the strongest mandate of any Indian leader since Rajiv Gandhi of the Indian National Congress took office in 1984, riding the wave of sympathy mother, Indira Gandhi.

The celebrations started even as the voting tally was underway.

Drummers, stilt-walkers and women in colorful saris had converged at B.J.P. headquarters in Delhi, where party workers had laid out 100,000 laddoos, the ball-shaped sweets ubiquitous at Indian celebrations. Among the revelers was Surinder Singh Tiwana, 40, a lawyer.

"I can equate my jubilation today, probably, to my mother's on the day I was born," Mr. Tiwana said. "This is a huge change for our country, a change of guard. A billion plus people have announced their mandate in no uncertain terms. They have voted for a progressive, stable government.'

Rahul Gandhi, the heir apparent to the political dynasty that forms the Congress party's backbone, had appeared headed for a narrow victory in his own home constituency, a stronghold he won



Supporters of the Bharatiya Janata Party celebrating in New Delhi on Friday. The party appeared to have captured a majority that would make a coalition partner unnecessary.

by more than 300,000 votes in 2009.

group of workers gathered around party headquarters in the capital city, chanting "Bring Priyanka, Save Congress," a reference to his younger sister, who is seen as the more charismatic politician. Abhishek Manu Singhvi, a Congress spokesman, conceded that the party had been defeated.

"If the leads are correct, the results are conclusive," he said, in a telephone interview. Another spokesman, Randeep Singh Surjewala, also confirmed the loss, saying, "We humbly accept the verdict of the people of India. We shall continue to play with rigor the role of a constructive and meaningful opposition the role that the people of India have

The elections came during a period of rapid transition in Indian society, as urbanization and economic growth break down generations-old voting patterns. With his conservative ideology and

"A billion-plus people have announced their mandate in no uncertain terms."

steely style of leadership, Mr. Modi, who came from a humble background and rose through the ranks of a Hindu nationalist group, will prove a stark departure from his predecessors in that office.

"This is the first time people who were born in independent India have played a decisive role in the election,' Mr. Modi said at the rally.

Mr. Modi also said now was "not the time to die for the nation; now is the INDIA, PAGE 4

**ONLINE: HOPES OF A GENERATION** 

Explore an interactive feature on Indians frustration over poor infrastructure and limited opportunity. nytimes.com/asia Revisit how the counting unfolded and track developments. india.blogs.nytimes.com

Mr. Modi being blessed by his mother, Heeraben Modi, at her home Friday in Ahmedabad.

# SERGEY PONOMAREV FOR THE NEW YORK TIMES

A metals factory in Mariupol, Ukraine. Workers had deployed in at least five cities.

### Workers in eastern Ukraine seize city from separatists

MARIUPOL, UKRAINE

BY ANDREW E. KRAMER

Thousands of steelworkers have established control over the streets here and banished the pro-Kremlin militants who until recently had seemed to be consolidating their grip on power, dealing a setback to Russia and possibly reversing the momentum in eastern Ukraine.

By late Thursday, miners and steelworkers had deployed in at least five cities, including the regional capital, Donetsk. They had not, however, become the dominant force there that they were in Mariupol, the region's second-largest city and the site earlier this month of a bloody confrontation between Ukrainian troops and pro-Russian militants.

While it was still far too early to say the tide had turned in eastern Ukraine the day's events were a blow to separatists who recently seized control here and in a dozen or so other cities and who held a referendum on independence last Sunday. Backed by the Russian propaganda machine and by 40,000 Russian troops iust over the border, their grip on power seemed to be tightening every day.

But polls had indicated that a strong majority of eastern Ukrainians supported unity, though few were prepared to say so publicly in the face of armed pro-Russian militants. When President Vladimir V. Putin of Russia withdrew support for the separatists this month, UKRAINE, PAGE 4

# Struggling with recovery, Europe finds itself divided

**PARIS** 

BY LIZ ALDERMAN

Despite recent optimism that Europe's economy is finally turning a corner, a stark reality remains: The situation is still fragile.

By many accounts, the euro zone has been rebounding from a wrenching double-dip recession that began in 2008 after the fall of Lehman Brothers. Financial markets have been in a celebratory mood, driving down borrowing costs for even the most troubled economies in recent months, while politicians have declared the worst of the crisis is over.

But the uneven nature of the recovery

with a group of strong countries in the north and a larger swath of weak nations on the southern rim — has made it difficult for the overall economy to gain momentum.

Growth in the currency union rose 0.2 percent in the first quarter, which translates to an annual growth rate of 0.8 percent, according to data released on Thursday by Eurostat, Europe's statistics agency. While it was the fourth straight quarter of expansion, it was half what economists had expected.

The growth is so feeble that it could be years before Europe truly recovers. The euro zone economy is still more than 2 percent smaller than it was before the EURO, PAGE 13

#### **ONLINE AT INYT.COM** The big TV interview signs off

Doubts about U.S. emergency plan A Medicare pilot program aims to use vast volumes of government data to direct assistance to potentially vulnerable people, but it has raised privacy concerns. nytimes.com/us

3 in Egypt must pay to see evidence The Al Jazeera journalists, jailed on

Barbara Walters, the queen of the TV

celebrity "get," is retiring at a time when stars and politicians no longer need the networks to reach the public. YouTube and Twitter have trumped the intimate sit-down. nytimes.com/business

#### Cisco still chasing ambition

Cisco's stock has rebounded on betterthan-expected performance, but the chief executive remains focused on high-performance architectures of networks. nytimes.com/bits

101.84

CURRENCIES	NEW YORK, FRIDAY 11:00AM PREVIOUS			STOCK INDEXES FRIDAY
— Euro	€1=	\$1.3710	\$1.3710	▼ The Dow 11:00am 16,421.67
▲ Pound	£1=	\$1.6830	\$1.6790	▼ FTSE 100 4pm 6,837.74
▲ Yen	\$1=	¥101.470	¥101.560	▼ Nikkei 225 close 14.096.59

¥101.470 ¥101.560 SF0.8910 SF0.8910 \$1=

**NEWSSTAND PRICES** Hong Kong HK\$ 24.00 Bali RP 28,000 (including PPN Bangladesh Tk. 135.00 Indonesia RP 28,000 (PPN Incl.) Jakarta RP 28,000 (including PPN)

Bangkok Thai Baht 80.00 Cambodia US\$ 3.50 Macau P 24.00 China RMB 29.00

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Maldives US\$ 3.80 Seoul Won 2,000 Myanmar US\$ 4.50 Sydney A\$ 8.25 (GST Incl.) Pakistan RS 20.00

Singapore US\$ 4.70 (GST Incl.)

OIL NEW YORK, FRIDAY 11:00AM

Light sweet crude

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#### **INSIDE TODAY'S PAPER** U.S. backs off Mideast peace talks

Obama, stung by a failed attempt to broker a peace deal, wants the Israelis or the Palestinians to make the next move, an official said. WORLD NEWS, 6

An eccentric on the British right

Nigel Farage, the loquacious, irrepressible leader of the U.K. Independence Party, is trying to wrench Britain away from the European Union. PAGE TWO

#### Net rules open for public comment The United States communications

regulator has decided to open for public debate new rules that are meant to guarantee an open Internet. But the rules would also allow content providers to pay for fast service. BUSINESS, 12

#### Into Africa: China's wild rush Africa's civil society is demanding to

know what China's billions of dollars of investment mean for the daily lives and political rights of ordinary Africans, Howard W. French writes. REVIEW, 7

charges of fomenting unrest, are being asked for \$170,000 to see video footage

in their case. nytimes.com/mideast