

# Romney narrows the gap on Santorum

Speech in Detroit to outline tax plans

Ex-Pennsylvania senator under fire

By Richard McGregor in Washington and Anna Field in Mesa, Arizona

Mitt Romney is seeking to build momentum ahead of the crucial primary in Michigan as he prepares for a speech in Detroit in which he will give the first detailed outline of the economic and tax plan he would take to the 2012 election.

Mr Romney's speech to the Detroit Economic Club has been moved from a ballroom in the city's convention centre to a larger venue in Ford Field, the home of the city's football team, the Detroit Lions, to accommodate an expected large crowd.

After falling behind Rick Santorum, the latest rival to challenge him in the Republican field, in a state he had been expected to easily win, Mr Romney is now level with the former Pennsylvania senator in polling of conservative voters.

"He has closed the gap in all the polls and people think he might have the momentum to win it," said Bill Ballenger, of Inside Michigan Politics, a newsletter.

The latest polls do not yet reflect Wednesday's candidates' debate in Arizona, in which Mr Santorum was attacked from all sides, enduring the kind of onslaught that comes with his sudden status as the race's frontrunner.

Mr Santorum, who has long been defined largely by his strong stance on social issues such as abortion, was attacked as fiscally reckless by Mr Romney and of being a "fake" by Ron Paul during a televised debate hosted by CNN in Mesa.

It was the last debate before Arizona and Michigan hold their primaries on



Mitt Romney: his superior organisation could be key

Tuesday, but also before 10 states vote on "Super Tuesday", on March 6.

Mr Ballenger warned against writing Mr Santorum off, saying a planned weekend bus tour in Michigan and an advertisement he had launched in the state could keep him in the contest.

"If he can embarrass Mr Romney here, he could turn the whole race around," he said.

Mr Romney's superior organisation, however, could be crucial, as it was in Florida, where he won an overwhelming number of the absentee ballots cast before the official polling day.

Absentee ballots in Michigan could make up about a quarter of all votes in the state, according to Mr Ballenger, and Mr Romney is so far leading by about two to one in surveys of people who have voted.

The attacks on Mr Santorum come after days of con-

'People think [Romney] might have the momentum to win it'

troversy surrounding him, notably because of a 2008 speech in which he said Satan was targeting the US.

The campaign of Mr Paul, the libertarian Texas congressman, has been running an advertising offensive against Mr Santorum, claiming he is a "fake" because he previously supported Planned Parenthood, a women's health organisation that provides abortions.

Mr Santorum said that while in Congress, he voted for a federal programme that included funding for Planned Parenthood because there was no other way to support worthy programmes.

He was booed by the audience on Wednesday night when asked to explain why he voted for the No Child Left Behind law, President George W. Bush's signal education legislation that set federal standards.

"I have to admit, I voted for that," Mr Santorum said. "It was against the principles I believed in but, you know, when you're part of the team, sometimes you take one for the team."

## VIDEO

Edward Luce on Rick Santorum's continuing threat to Mitt Romney  
[www.ft.com/luce-talk](http://www.ft.com/luce-talk)

# Europe and US set to clash over online privacy

By Richard Waters in San Francisco

A voluntary US approach to online privacy protection, enshrined in White House and internet industry initiatives this week, is set to fuel a transatlantic culture clash over rights to personal data, according to consumer groups and industry analysts.

The rival US and European philosophies on privacy protection would also trigger a struggle in emerging market countries which have yet to develop their own approaches to the issue, shaping how e-commerce and online advertising develop in the emerging world, they added.

The new US privacy framework came into focus as the White House ended a long political debate yesterday by calling for a "bill of rights" to cover consumers online.

The proposal calls for a series of voluntary agreements, to be hammered out in negotiations between consumer groups and online advertisers, that would shape how personal data are collected, protected and used.

At the same time, an internet industry trade group said this week that its members would bow to voluntary restrictions on

what has become the most contentious issue in the online privacy debate: the call for "do not track" rules to allow consumers to block advertisers from collecting information about their online behaviour. The move was seen as a compromise designed to smooth the path for the Obama administration's wider voluntary approach to privacy.

The Digital Advertising Alliance, which represents companies including Google, Microsoft and Yahoo, said it expected to have a system in place within nine months under which advertisers would adhere to consumers'

requests not to be served adverts based on their behaviour online. But advertisers would still be permitted to collect behavioural data and use it for other purposes.

The voluntary framework would clash with the more rigid legal approach in Europe and would lead to an international struggle as the US seeks wider acceptance of its business-friendly system, observers predicted.

"There is some speculation that this is designed to undermine what is going on in Europe," said John Simpson, head of the privacy programme at Consumer Watchdog.

The US could seek to use its voluntary approach in future trade negotiations to get recognition for a system that falls short of the higher standards imposed in Europe, said Jeff Chester, head of the Center for Digital Democracy, a Washington privacy group.

European privacy groups indicated that they would fight any transatlantic influence on European privacy standards.

"We'd regard it as a disaster," said Jim Killock, executive director of the Open Rights Group. "Europe has a much clearer and stricter view on privacy."

However, he added that

Europe has struggled with its own efforts to develop a "do not track" requirement, and said that the US proposal, if it proves workable, could influence the development of similar rules in Europe.

The US hunt for a "middle ground" is unlikely to satisfy Brussels but could prove more influential elsewhere, said Simon McDougall, managing director of Promontory, a data protection group.

While some countries in Asia have adopted European-style privacy regimes, others might be swayed by the new US approach, he added.



Bill Gates visits the International Fund for Agricultural Development in Rome yesterday. He denounced the UN system as inefficient

# Putin turns up militarist rhetoric

By Charles Clover in Moscow and agencies

Vladimir Putin, Russia's prime minister, warned against an unnamed foreign threat during a campaign rally in a Moscow stadium packed with tens of thousands of people, many of them state workers who had been put under pressure to attend.

As the March 4 election nears, the Kremlin has sought to paint protests against Mr Putin's rule as inspired by shadowy foreign hands and yesterday Mr Putin told cheering supporters not to accept intervention in Russia's affairs.

Thousands of people were bussed in to participate in the three-hour event. The police said attendance was 130,000, though news agencies put the figure at about 90,000. The mainly youthful crowd huddled together in subzero temperatures, many of them carrying banners with slogans such as "Trust in Putin".

Mr Putin took to the stage as recorded applause was played through the stadium's loudspeakers.

"We will not allow someone to interfere in our internal affairs, we will not allow anyone to force their will upon us, because we have our own will, and it has always helped us to win," he said.

Mr Putin appears certain to win, with approval ratings that are still above 50 per cent despite the protests.

Both Mr Putin and the anti-Kremlin opposition have increasingly relied on nationalist and militarist rhetoric. Opposition politicians such as Alexei Navalny have focused on the issues of immigration and federal subsidies for the Caucasian republics.

Mr Putin has sought to portray the opposition as made up of foreign agents, and himself and his government as the only true Russian patriots.

Crude calculations, Page 11  
Putin's progress:  
[www.ft.com/theworld](http://www.ft.com/theworld)

# Gates attacks 'outdated' UN food agencies

## Global agriculture

The Microsoft founder fears that the battle against hunger is being undermined, writes Javier Blas

Bill Gates, the Microsoft founder turned philanthropist, has broken a taboo in the development community by accusing publicly the three UN food agencies of allowing infighting and inefficiency to undermine the battle against hunger.

The comments by Mr Gates, the largest donor to food security from the private sector, echo the thinking of many government officials and hunger activists around the world. But until now few senior donors have denounced in public the

problems of the UN system.

The UN has three agencies devoted to food security, with a combined annual budget of roughly \$4.5bn: the Food and Agriculture Organisation, founded in 1945; the World Food Programme, created in 1961; and the International Fund for Agricultural Development, founded in 1977. Although the three are based in Rome, they act largely as independent entities with little interaction.

Mr Gates, who has donated roughly \$2bn to food security in the past decade and plans to give a further \$2bn in the next five years, told an audience of the three agencies in Rome that the current system was "outdated and inefficient".

"Countries, food agencies, and donors aren't working together in a focused and co-ordinated

way to provide the help small farmers need, when they need it," he said. In a separate interview with the Financial Times, he added: "You would not say that the UN system has come together in a strong way."

Mr Gates highlighted the Purchase for Progress programme, which buys food from small farmers to provide emergency relief in

\$2bn

The amount Bill Gates has donated to food security

neighbouring countries, as an example of the lack of collaboration between the agencies of the UN.

"Right now, WFP runs nearly every aspect of the programme, with a little guidance from FAO and a little funding from Ifad. But in an ideal world, you would collaborate to make a whole that is greater

than the sum of its parts," he said.

Donor countries' officials and hunger activists believe that the arrival of a new leadership to the agencies, particularly the appointment of José Graziano da Silva from Brazil as director-general at the FAO after the retirement of Jacques Diouf of Senegal, who headed the organisation for nearly 20 years, would help to improve the relationship among the three organisations.

The US, the European Union and other donors such as Canada, Australia and Japan have been frustrated by the slow pace of reform under at the FAO under Mr Diouf, in spite of demands for rapid change. Donor countries have long complained that the FAO keeps more than half its staff at his headquarters in Rome, rather than in African and

Asian countries blighted by chronic hunger.

Mr Gates also blamed western nations for some of the failures of the UN agencies that specialise in agriculture and food security, saying that many donors have forced recipients to "change priorities to suit political realities in their home countries".

"The [UN] food agencies have taken on projects that weren't strategic because they needed any funding they could get simply to stay in business," he said. The multibillion-dollar Bill and Melinda Gates Foundation has elevated food security to a priority, second only to health issues such as malaria. Food security, long a topic merely for agriculture ministers, is now hotly debated among leaders of the Group of 20 economies.

Food inflation brake, Page 32

# N Korea holds first arms talks since Kim's death

## Nuclear policy

The US and North Korea held "substantive and serious" talks when they met for the first time since the death of Kim Jong-il in December, said Glyn Davies, US special envoy.

The two sides "covered... a number of the issues" and will hold more talks tomorrow, Mr Davies said.

Humanitarian issues and nuclear non-proliferation were expected to top the agenda at yesterday's meeting at the North Korean embassy in Beijing.

The key issue is whether North Korea is willing to abide by its 2005 agreement to abandon its nuclear programmes in exchange for food aid and security guarantees, Mr Davies said before talks with Kim Kyegwan, North Korean vice-foreign minister.

The US hopes the meeting will provide clues on the new regime's nuclear policy, although Kim Jong-eun, who took over power in

December, has warned the outside world not to expect any major policy changes.

Yesterday's meeting is the third since the US resumed direct talks with North Korea last summer as it tries to bring the isolated country back to the six-party talks. The two sides were on the verge of a deal to give Pyongyang food in return for the suspension of uranium enrichment when the North Korean leader died in December.

Mr Davies said he was cautiously optimistic on the possibility of Pyongyang's reopening the six-party talks with China, Japan, Russia and South Korea. North Korea walked away from the talks in 2008.

But he added that Kim Jong-eun's new regime was still full of uncertainty.

Washington has insisted that food aid to the North will be tied to Pyongyang improving its relations with South Korea, but the communist state has shunned overtures from Seoul.

Song Jung-a, Seoul

# New Chávez cancer scare stokes political uncertainty

## Venezuela election

President Hugo Chávez of Venezuela, who earlier this week said he would return to Cuba for surgery, has admitted that the newly discovered lesion in his pelvis is likely to be cancerous, heightening political uncertainty ahead of October's presidential election.

Speaking on state television late on Tuesday, Mr Chávez, 57, who until this week had insisted he was "fully recovered" from cancer that was first diagnosed last year, said: "No one can say... if this new lesion is malignant. However, there



Hugo Chávez: 'I'm a human being. I'm not immortal'

is a high probability it is," he continued. "I'm not going to be able to continue with the same rhythm... I'm a human being. I'm not immortal."

The admission has cast further doubt on Mr Chávez's ability to run in the October 7 election. "Independent of my personal destiny, this revolution has its own momentum and will not be stopped."

His challenger, Henrique Capriles, won the opposition primaries earlier this month on a turnout of 3m voters, twice the number expected, which gave the opposition a momentum not seen in Venezuela since Mr Chávez took power in 1999.

Critics have said Mr Chávez should name a temporary replacement while he is undergoing treatment in Cuba. That would be a significant move for the president, who has styled himself as the face of Venezuelan government during his 13-year tenure, with no clear successor.

Girish Gupta, Caracas

# Arroyo pleads not guilty to 'electoral sabotage' charge

## Philippines reform

Gloria Arroyo, the former president of the Philippines, pleaded not guilty yesterday to charges of "electoral sabotage" in a case that underscores the new president Benigno "Noynoy" Aquino's efforts to curb systemic poll fraud and stamp out corruption.

Ms Arroyo is only the second former Philippine leader to be arrested and charged before a local court. Analysts say the trial shows that the 20-month-old Aquino administration is beginning to deliver on campaign promises to exact accountability in government and rebuild compromised institutions.

Filomeno Sta Ana of Action for Economic Reforms, a think-tank, says Ms Arroyo's appearance in court, along with the impeachment of the chief justice and proposed changes to freedom of information laws, will help "reshape political and eco-

nom institutions that are the determinants of long-term growth".

Analysts say the trial could help sustain rising investor confidence that has pushed local share prices to record levels several times in the first two months of the year.

The charge stemmed from an alleged verbal instruction that Ms Arroyo gave to the governor of the autonomous Muslim province of Maguindanao during a dinner at the presidential palace to ensure victory for all her party's senatorial candidates in the locality in 2007. The charge carries a maximum penalty of life imprisonment.

Regardless of the outcome, Ms Arroyo's detention and arraignment may have partially served the government's purpose to signal it is serious about reforming the election system, said Ramon Casiple of the Institute for Political and Electoral Reform, a poll watchdog.

Roel Landingin, Manila

# Ireland unveils targets and penalties to cut dole lines

## Long-term jobless

Dublin has unveiled far-reaching plans to cut dole queues by targeting those at risk of long-term unemployment, introducing penalties for people who do not take up training and inviting the private sector to provide job placements.

The plan copies several ideas already adopted in the UK, France and Australia. Jobseekers most at risk of long-term unemployment, because of a lack of skills and qualifications, will receive more intensive engagement from state training agencies. Dublin also aims to reduce benefits to jobseekers who refuse

The plan aims to put 75,000 long-term jobless people back in work by 2015

training or are caught working in the black economy.

Ireland's economic crisis, which led to a bail-out from the European Union and International Monetary Fund in November 2010, has caused unemployment to surge to 14.2 per cent. There are 440,000 people out of work claiming social welfare benefits, about 42 per cent of whom have spent more than a year out of work.

Ireland is also inviting private companies to provide job matching and job placement for unemployed people on the live register, initially on a pilot basis.

Dublin's Pathways to Work plan, published on Wednesday, aims to put 75,000 long-term unemployed people back in work by 2015 and reduce the average time on the jobless register to 12 months, down from 21 months. The government has allocated an extra €95m in its 2012 social welfare budget to provide extra training and job placements to support the plan.

Jamie Smyth, Dublin