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 REVIEW

THE WALL STREET JOURNAL.
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What's News
 * * *
World-Wide

- **The White House** said it has the Senate votes necessary to ratify a new U.S. nuclear-arms accord with Russia, and Obama will delay his planned vacation in Hawaii until the chamber votes. **A3**
- **Bill Clinton** endorsed the tax agreement reached between Obama and congressional Republicans in a White House appearance aimed at swaying reluctant Democratic lawmakers. **A4**
- **China denounced** the Nobel prize ceremony in Norway as jailed dissident Liu Xiaobo was awarded the peace prize in absentia. **A11**
- **Newly released Nixon** papers show the former president's efforts to keep Jews out of U.S.-Israeli relations and his hostility toward political opponents. **A4**
- **A Utah man** was found guilty in the 2002 kidnapping and monthslong confinement of then-teenager Elizabeth Smart. **A5**
- **The only U.S. flag** not seized or lost during Custer's Last Stand at the Battle of Little Bighorn in 1876 sold at auction for \$2.2 million. **A5**
- **An Alaska judge** denied claims by Senate challenger Miller that the state improperly tabulated votes that resulted in Murkowski pulling ahead as a write-in candidate. **A5, WSJ.com**

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Germany Vows Defense of Euro

Finance Minister Promises 'No Domino Effect' as Worries Roil Continent; Steps Toward Fiscal Union

By **MARCUS WALKER** AND **MATTHEW KARNITSCHING**

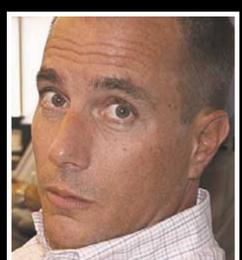
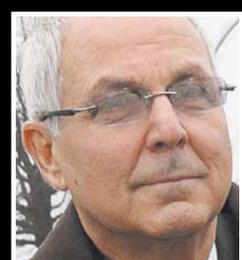
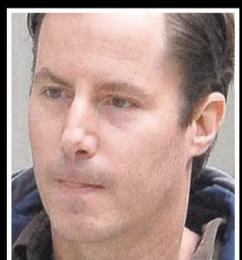
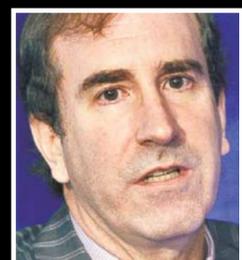
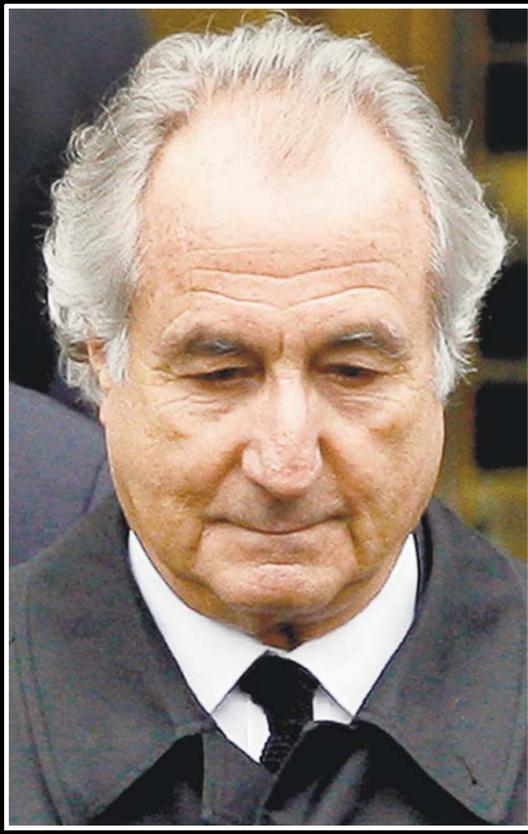
BERLIN—Germany's finance minister said his country is prepared to pursue bold action to preserve Europe's common currency, including deeper economic integration with its neighbors, and issued a warning to markets not to underestimate Berlin's re-

solve to protect the euro. In an interview with The Wall Street Journal, Finance Minister Wolfgang Schäuble hinted Germany could accept steps toward fiscal union if current attempts to improve the euro zone's governance proved insufficient to end the year-old debt crisis. "All European countries are determined to keep this Euro-

pean currency stable, and we have the means to do it," Mr. Schäuble said. "Sometimes it takes crises so that Europe moves forward. In this crisis, Europe will find steps toward further unification." Many Germans, including leading members of the government, oppose further economic integration within the 16-nation euro zone over fears that Germany would be forced to pay the debts of others. Echoing such concerns, Mr. Schäuble said more time was needed to determine whether recent reforms to the euro zone's structure would be sufficient to halt the crisis and said it was premature to pursue further integration. Still, the powerful finance

chief's comments suggest Germany is prepared to go much further than many observers had expected to defend the euro. Mr. Schäuble's comments are significant, says IHS Global Insight chief economist Nariman Behravesh, because the euro zone will eventually need some form of federal system to assist. *Please turn to page A10*

The Mess He Made | Still picking up after a massive fraud, two years on



Bernard Madoff, center, orchestrated the financial fraud of the century. Others in his orbit, clockwise from bottom left: brother Peter Madoff; whistleblower Harry Markopolos; wife Ruth; financier J. Ezra Merkin; son Andrew Madoff; son Mark Madoff. More coverage on B1 and B3.

Exports Rebound, Boosting Economy

By **SUDEEP REDDY** AND **JUSTIN LAHART**

Surging global demand for American soybeans, cars, diesel engines and even artwork and antiques has pushed U.S. exports to a level not seen since before the financial crisis, boosting prospects for domestic economic growth. A 3.2% surge in exports in October, together with a 0.5% drop in imports, sent the U.S. trade deficit to a nine-month low of \$38.7 billion, the Commerce Department said Friday. The export gains were broad-based, reflecting stronger sales abroad in industrial materials, food, autos and a host of other categories. Exports during the month hit their highest level since August 2008, the month before the financial crisis struck and sent global trade into a tailspin. "It speaks to the revival in global economic activity," said Joshua Shapiro, chief U.S. economist at consultancy MFR Inc. Stronger U.S. consumer spending in the coming year is expected to boost imports as well, offsetting some of the export gains, but that also reflects improving economic activity, Mr. Shapiro said. Meanwhile, the University of Michigan's December consumer sentiment index on Friday rose to 74.2 from 71.6 in November. That marked its highest level since June, when U.S. economic growth appeared to be gaining speed before the Greek debt crisis hit global markets. The survey showed improvement in consumers' assessment of both current conditions and the outlook. Consumer expectations for inflation, meanwhile, edged lower. Recent improvement in jobless claims and job-openings data also suggest the economy is gathering steam, though still not *Please turn to the next page*

Life After Madoff's 'Big Lie'

By **JAMIE HELLER** AND **JOANNA CHUNG**

Two years ago, Bernard Madoff told his two sons that his multi-billion-dollar investment business was "one big lie," according to authorities. That dramatic confession, and Mr. Madoff's arrest the next day, unleashed one of the biggest fraud investigations in history. He is now serving a 150-year sentence in a North Carolina federal prison. Otherwise, the wheels of justice have turned slowly. Though some victims have recovered money, as a group they haven't seen much redress. Of seven people arrested besides Mr. Madoff, five were

lower-level employees of his firm. The most senior figures charged have been his lieutenant and his accountant. Irving Picard, the court-appointed trustee recovering assets for the victims, this week filed a rash of lawsuits seeking funds from people or firms he alleges were close to the scheme or unwittingly profited at the expense of others. On Friday, he sued Austrian banker Sonja Kohn, her relatives and related entities for \$19.6 billion, the largest suit he's launched to recover money for victims of the decades-long fraud. (Story on page B3). On this second anniversary of Mr. Madoff's arrest, nearly every life touched by

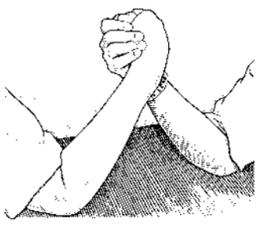
the scandal has in some way been upended. Many of his victims remain bitter; one calls December 11, 2008, when the fraud came to light, "the day I lost my life." Mr. Madoff's family is having trouble adjusting to life after his disgrace, with one son getting into a fist-fight after being accosted by a former employee on the street. As for the imprisoned Mr. Madoff, says his lawyer, Ike Sorkin: "Under the circumstances, he's O.K." Here is a look at how others from Bernard Madoff's world are faring in the wake of the fraud of the century: *Please turn to page A12*

Gripping Saga: Arm-Wrestling Bodies Vie for the Upper Hand

Two Groups Hold Rival Championships; 'All Hell Broke Loose'

By **SAM SCHECHNER**

MESQUITE, Nev.—On Saturday, hundreds of arm wrestlers will pour into a 33,000-square-foot tent here for the final day of their sport's yearly international championship. Next week, a rival group says it will be in Mykolayiv, Ukraine, to do the same thing. There is a break in the world of organized arm wrestling. More than a decade ago, a Canadian construction-company owner named Fred Roy was expelled from the World Armsport Federation and started a new group, dubbed the World Arm-wrestling Federation. Each body began crowning its own world champions in 1998. For years, the two groups have wrestled with the idea of reunification, sharing a goal of international recognition and a shot at the Olympics. But the latest talks at the world level collapsed in 2005. "This isn't unification! This is dictatorship!" one of the original group's leaders posted on his website at the



time. Since then, the breakaway group appears to have gained the upper hand. In recent years, it has won allegiance from many of its rival's former members in Europe, the U.S. and South America. Mr. Roy says 722 competitors from 41 countries are at this year's event, held at the CasaBlanca Resort & Casino. Meanwhile, the original group, now run by a retired Egyptian Army general, announced its event only in October. It will be held in a ship-building city two hours from Odessa. The group blamed the late announcement on difficulty finding sponsors during the glo-

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Inside Noonan, A15
Obama Heads From Audacity To Animosity

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