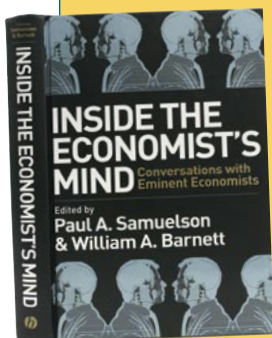


## AGENDA

## Bookmark

Inside the  
Economist's Mind

Edited by Paul A. Samuelson and William A. Barnett (Blackwell Publishing, 419 pages, \$74.95)

In this collection of interviews, 16 eminent economists speak candidly on everything from the IQ of

U.S. presidents to herd-like behavior in their profession.

**MILTON FRIEDMAN ON RICHARD NIXON AND ARTHUR BURNS:**

"I had a session with Nixon...in which he wanted me to urge Arthur to increase the money supply more rapidly, and I said to the president, 'Do you really want to do that? The only effect of that will be to leave you with a larger inflation if you do get re-elected.' And he said, 'Well, we'll worry about that after we get re-elected.'"

**PAUL SAMUELSON ON BEING WRONG:**

"One can learn much from one's own errors and precious little from one's triumphs. By September of 1945, it was becoming obvious that oversaving was not going to cause a deep and lasting postwar recession. So then and there, I cut my losses."

**PAUL VOLCKER ON THE FEDERAL RESERVE BANK OF NEW YORK:**

"There had been a long, long history of personal and institutional rivalry between the New York Fed and Washington. Over the years, New York lost relative influence... For all its frustrations, the presidency of the New York bank is the second-best job in the Federal Reserve System."

Buffett Takes Stake

**Tesco's U.S. Beachhead**

◀ In the shadow of a military air base 60 miles east of Los Angeles, backhoes clear an area the size of 80 soccer fields. Behind a wire-mesh fence, Britain's largest retailer is building the command center for an invasion of the U.S.

Tesco Plc plans to create a U.S. convenience store brand, spending as much as 250 million pounds (\$490 million) this year to open stores in Southern California, Phoenix and Las Vegas, according to people familiar with the situation. The retailer's expansion has attracted billionaire Warren Buffett, whose Berkshire Hathaway Inc. snapped up 177.8 million Tesco shares, a 2 percent stake, after the retailer announced its plans last February, according to Berkshire filings. "It's going to face some real hurdles because it's a brand-new market for them and one that is extremely competitive," says George Whalin, president of Retail Management Consultants in San Marcos, California.

The U.S. has been a graveyard for other British merchants. J Sainsbury Plc, the U.K.'s third-biggest food retailer, sold Shaw's Supermarkets Inc. for \$2.48 billion when it abandoned the U.S. in 2004. Marks & Spencer Group Plc dumped Brooks Brothers Inc. in 2001 for less than a third of the \$750 million it paid for the clothier 13 years earlier. "Other retailers failed because they either expanded too quickly or didn't do enough research on the market before entering it," says Ted Scott, who manages the equivalent of \$4.23 billion in U.K. stocks at F&C Investment Management Plc in London, including Tesco shares. "Tesco's done its homework."

Tesco has filed trademarks for three variants of the name *Fresh and Easy*



**Buffett** bought a 2 percent stake in Tesco after the company announced its U.S. expansion.

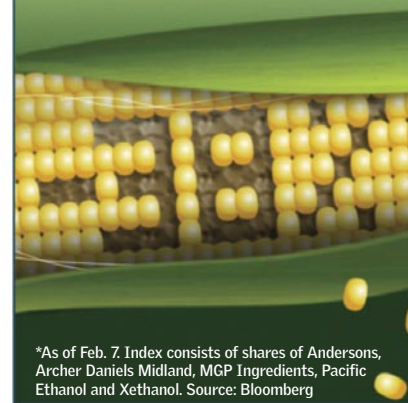
for its outlets. The retailer rang up a record £39 billion in sales last year at its 1,897 U.K. outlets. Lawmakers and community leaders in the U.K. have criticized Tesco's market domination, saying the retailer mirrors Wal-Mart Stores Inc. in its ability to crush smaller rivals. "It's going to be a problem if they start opening stores all around us," says Dave Rann, vice president of Super A Foods, a family-owned chain that has 12 outlets in Southern California. "We're sprucing up our stores."

ANGHARAD COUCH

**Ethanol falls**

Shares of the corn-based fuel makers didn't get a boost from the White House's plan, announced in January, to lift production.

INDEX SINCE MID-MAY '06 HIGH\*



\*As of Feb. 7. Index consists of shares of Andersons, Archer Daniels Midland, MGP Ingredients, Pacific Ethanol and Xethanol. Source: Bloomberg