

Market Place

## Whoopee, a Stock Surge! Finished? Now for a Reality Check.

By GRETCHEN MORGENSON

I am not a Grinch. Thus spake Alan Greenspan yesterday at a meeting of community bankers in New York City. The chairman of the Federal Reserve Board signaled that because the economy is showing signs of a serious slowdown, he is prepared to change interest rate policy from an inclination to increase rates to a far preferable predilection to cut them.

Investors exulted at the news, sending

stocks into the stratosphere. The Nasdaq composite index, which at Monday's close had fallen 48 percent from its March high, surged 274.05 points, or 10.5 percent, its biggest one-day jump, to 2,889.80. The Dow Jones industrial average climbed 338.62 points, or 3.2 percent, to 10,898.72. Prices of Treasury bonds also soared, and their yields fell, as investors bought securities that would benefit from declining interest rates. [Page C12.]

"In periods of transition from unsustainable to more modest rates of growth, an economy is obviously at increased risk of

untoward events that would be readily absorbed in a period of boom," Mr. Greenspan said. Nodding to the market turmoil of recent months, he added: "In an economy that already has lost some momentum, one must remain alert to the possibility that greater caution and weakening asset values in financial markets could signal or precipitate an excessive softening in household and business spending."

Translation: Even though labor markets remain drum-tight, Mr. Greenspan will cut rates to avoid the chilling effect on consumer spending and capital expenditures by

businesses that a declining stock market may bring.

Mr. Greenspan's comments came just two weeks before the next meeting of interest rate policy makers, on Dec. 19. The Fed chairman's speech makes clear that while it was once true that the economy drove the stock market, today, with households supplanting their savings accounts with shares, the stock market is very much in the driver's seat of the economy.

But even as stock and bond investors

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Photographs by Marissa Roth for The New York Times

Management

## A Status Symbol Under Siege

### Big Plush Offices Make Way for More Humble Space

Some companies have moved to a more egalitarian approach to executive offices. Arthur Andersen in Los Angeles got rid of managers' windowed digs at the request of Dick Poladian, top, a managing partner. Right, employees in the firm's quad area.



Corner Cubicle

Many companies are scaling back on big offices for managers, driven in part by higher costs.

Change in cost of office space from previous year

+20%

By EVE TAHMINCIOGLU

Dick Poladian, a managing partner for Arthur Andersen in Los Angeles, received

office' if I didn't do that," he said.

While lower-level managers throughout America have long been relegated to cubicle farms, senior executives have clung to big corner offices as a perk and status

## Home Depot Names Officer From G.E. As President

By KENNETH N. GILPIN

Moving quickly to sign up the remaining also-ran in the race to succeed John F. Welch Jr. at General Electric, Home Depot Inc. announced yesterday that it had named Robert L. Nardelli as president and chief executive.

Mr. Nardelli, 52, is president and chief executive of GE Power Systems, a \$15 billion division. His appointment at Home Depot is effective immediately.

To make room for Mr. Nardelli, Home Depot said Arthur M. Blank, 57, its current president and chief executive, will join Bernard Marcus as co-chairman. The two men co-founded Home Depot in 1979.

In addition to these positions, Mr. Nardelli will become a member of the company's board and its executive committee.

"We have known Bob for many years, and we are delighted to welcome him to Home Depot," Mr. Marcus said in a statement. "Not only has he compiled an impressive track record of delivering superior sales and profit growth in all of the G.E. business units he ran, but he has also demonstrated an uncanny ability to develop managerial talent and motivate employees to perform exceptionally well."

Home Depot, which quietly began a search about five months ago for an executive to become president, moved exceptionally fast. The company first contacted Mr. Nardelli on Nov. 27, only hours after General Electric said it had chosen Jeffrey R. Immelt to succeed Mr. Welch.

"It happened quickly and I am absolutely elated," Mr. Nardelli said in a telephone interview yesterday. "It took me about a nano-second to accept."

Along with Mr. Immelt and W. James

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## Apple Warns It Will Record Quarterly Loss

By MATT RICHTER